

## AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM

*This amended and restated offering memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. This offering is not made to, nor will subscriptions be accepted from, any person in the United States. No prospectus has been filed with any securities regulatory authority in connection with the securities offered hereunder. This amended and restated offering memorandum is not to be construed as a prospectus or advertisement or a public offering of these securities.*

*Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the “Glossary of Terms” of this Amended and Restated Offering Memorandum.*

**Date:** June 7, 2016

### THE ISSUER

**Name:** Central Condominium Real Estate Investment Trust  
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**Currently listed or quoted:** No. These securities do not trade on any exchange or market.

**Reporting Issuer:** No.

**SEDAR filer:** No.

**Securities Offered:** An unlimited number of Units may be issued pursuant to the Declaration of Trust. All Units are of the same class with equal rights and privileges. Each Unit confers the right to participate *pro rata* in any distributions by the REIT and, in the event of termination of the REIT, in the net assets of the REIT remaining after the satisfaction of all liabilities. See “Item 2.1.1 - The REIT – Units”.

**Price per Security:** \$100.00 per Unit.

**Sales Commissions:** 8.0% of the subscription price of each Unit.

**Maximum Offering:** \$18,000,000 (180,000 Units).

**Minimum Offering:** \$5,000,000 (50,000 Units).

**Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

**The Trustees have waived the Minimum Offering amount in connection with the Initial Closing. The Trustees may at any time waive the Maximum Offering amount.**

**Minimum Subscription Amount:** \$10,000 (100 Units).

**Payment Terms:** The subscription price is payable at the time of Closing by wire transfer, bank draft or certified cheque or such other manner as may be acceptable to the

Trustees in their sole discretion. **There may be one or more Additional Closings under this Offering Memorandum. Where required by law, the subscription funds will be held in trust pending closing for two Business Days (and in any event until midnight on the 2<sup>nd</sup> Business Day) after the purchaser signs the Subscription Agreement. This does not constitute acceptance of a subscription.**

**Proposed Closing Date:** On or about July 22, 2016 or one or more such earlier or later dates as may be approved by the Trustees in their sole discretion. If the Maximum Offering has not been reached, Additional Closings may be held on a continuous basis until the Maximum Offering is achieved. The Trustees have waived the Minimum Offering amount and may at any time waive the Maximum Offering amount.

**Additional Offerings:** Following the Initial Closing, the REIT may complete Additional Closings or additional offerings of Units at such prices and at such time as determined by the Trustees in their sole discretion. The funds raised from such Additional Closings or additional offerings of Units will be used at the sole discretion of the Trustees.

The REIT reserves the right, at its sole discretion, to invest any amounts it receives in connection with the Offering (either at the Closing or on or prior to Additional Closings) in interest bearing accounts until such time that such funds are, in the REIT's sole discretion, used by the REIT to subscribe for Partnership Units.

**Income Tax Consequences:** There are important tax consequences associated with the ownership of Units. Investors are advised to consult their personal tax advisors. See "Item 6 – Income Tax Consequences and RRSP Eligibility".

**Selling Agent:** The Agent has been appointed as an agent to sell the Units. Sub-agents permitted under applicable legislation to sell Units may be appointed from time to time to offer the Units for sale pursuant to this Offering. See "Item 7 – Compensation Paid to Sellers and Finders".

**Resale Restrictions:** You will be restricted from selling your Units (otherwise than by virtue of a redemption) for an indefinite period. See "Item 10 – Resale Restrictions". In addition, Units cannot be transferred without the prior approval of the Trustees.

**Purchaser's Rights:** You have 2 Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement.

See "Item 11 – Purchaser's Rights Of Action For Damages Or Rescission".

**No securities regulatory authority or regulator has assessed the merits of these Units or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See "Item 8 – Risk Factors".**

**The REIT:** The REIT is an unincorporated, open-ended limited purpose trust created by the Declaration of Trust and established under and governed by the laws of the Province of Ontario. The REIT has been created to indirectly acquire and hold all of the Condominium Units from time to time, including up to 45 Condominium Units in the condominium project known as Epic and up to 80 Condominium Units in the condominium project known as Musee (collectively, the "**Initial Condominium Units**"). The funds raised under the

Offering will be used to pay for the Offering expenses and fund the acquisition of all or a portion of the Initial Condominium Units, including through the advance of the Acquisition Loans. As of the date of the Offering Memorandum, the REIT has advanced \$1,276,720 under the Initial Epic Acquisition Loan and entered into the Epic Purchase Agreement to acquire 15 of the Initial Musee Condominium Units and has advanced \$2,014,824 under the Initial Musee Acquisition Loan and entered into the Musee Purchase Agreement to acquire 15 of the Initial Musee Condominium Units. See “Item 2.1.1 – The REIT”. While the REIT intends to qualify as a mutual fund trust for tax purposes at all times, the REIT is not a mutual fund for securities law purposes.

**Trustees:**

The Declaration of Trust provides that the board of Trustees of the REIT will consist of a minimum of one and a maximum of nine Trustees. Initially, the board of Trustees of the REIT will be comprised of three Trustees, being Devon Cranson, Anthony Heller and Shlomo Marder. See “Item 3 – Trustees, Management, Promoters and Principal Securityholders”.

**The Partnership and the Initial Acquisition Partnership:**

The Partnership will be a limited partnership formed under the laws of the Province of Manitoba. Its business objective will be to make equity investments in the Initial Acquisition Partnership and any other Acquisition Partnerships formed by the Partnership from time to time. The Initial Acquisition Partnership will be a limited partnership formed under the laws of the Province of Manitoba, the business of which will be the making of the Acquisition Loan and the acquisition, ownership and leasing of Condominium Units, including all or a portion of the Initial Condominium Units. See “Item 2.1.2 - The Partnership”.

**The General Partner:**

The General Partner will be a limited partnership formed under the laws of the Province of Manitoba. It is not expected that the General Partner will carry on any business other than acting as the general partner of the Partnership. On Closing, all of the issued and outstanding limited partner interests of the General Partner will be owned by Robert Jacobs, as to 80%, and Cranson Investments, as to 20%. See “Item 2.1.3 - The General Partner”.

**Distribution Policy of the REIT:**

The REIT intends to distribute, to the extent possible, distributions of its distributable cash to Unitholders commencing as soon as practicable following the acquisition of all or a portion of the Initial Condominium Units. The amount of the REIT’s distributable cash will be equal to the distributions (if any) on or in respect of the Partnership Units owned by the REIT, less: (i) administrative expenses and other obligations of the REIT; (ii) amounts that may be paid by the REIT in connection with any cash redemptions or repurchases of Units; (iii) satisfaction of the REIT’s debt service obligations (principal and interest) on indebtedness, if any; and (iv) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the REIT, that have been or are reasonably expected to be incurred in the activities and operations of the REIT.

The REIT may make additional distributions in excess of the aforementioned distributions, as the Trustees may determine from time to time. See “Item 2.1.1 – The REIT”.

**Distribution Policy of the Partnership:**

It is intended that the Partnership will make distributions of its Partnership Proceeds as follows:

- (a) first, as to 0.001%, to the General Partner;

- (b) second, as to 100%, to the limited partners of the Partnership, until the limited partners have received an aggregate amount equal to the sum of (i) the Invested Capital and (ii) a cumulative preferred return equal to 6% per annum (calculated on the basis of a 365 day year) on the Invested Capital calculated from and including the date on which the Invested Capital (or, if applicable, any portion thereof) was received by the Partnership from the limited partners, to but excluding the relevant date or dates of distribution, which return shall accrue from day to day and shall be calculated on the basis of the number of days actually elapsed in such period;
- (c) third, as to 100%, to the General Partner, until such time as the General Partner has received a cumulative preferred return equal to 2% per annum (calculated on the basis of a 365 day year) on the Invested Capital calculated from and including the date on which the Invested Capital (or, if applicable, any portion thereof) was received by the Partnership, to but excluding the relevant date or dates of distribution, which return shall accrue from day to day and shall be calculated on the basis of the number of days actually elapsed in such period (which amount, for greater certainty, will equal 25% of the aggregate of the cumulative preferred return under clause (b) and this paragraph (c)); and
- (d) thereafter, as to 75% to the limited partners of the Partnership and as to 25% to the General Partner. See “Item 2.1.2– The Partnership”.

Distributions of Partnership Proceeds by the Partnership will commence as soon as practicable following the acquisition of the Initial Condominium Units and, thereafter, on a quarterly basis, provided that the Partnership will retain an amount of funds, as determined by the General Partner in its sole discretion, to satisfy potential obligations.

**The Asset Management Agreement:**

Pursuant to the Asset Management Agreement, the Asset Manager will be the asset manager of the Condominium Units indirectly owned by the REIT from time to time. The Asset Management Agreement will provide that the Asset Manager will provide various services to the REIT and its affiliates, including among others: property management services; monitor the financial performance of the REIT and its affiliates; advise on strategic matters, including potential acquisitions, dispositions and financings; identify, evaluate, recommend and assist in the structuring of acquisition, disposition, and other transactions; advise and assist with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors; and any additional services as may from time to time be agreed to in writing by the Asset Manager and the REIT.

The Asset Manager will receive the Management Fee, calculated and paid on a quarterly basis, in an annual amount equal to 0.5% of the Gross Asset Value. The REIT may defer the payment of all or a portion of the Management Fee at its discretion in accordance with the terms of the Asset Management Agreement.

**The Initial Acquisition Loans and the Initial Purchase Agreements:**

The funds raised under the Offering will be used to pay for the Offering expenses, fund the acquisition of all or a portion of the Initial Condominium Units and make the Acquisition Loan. As of the date of the Offering Memorandum, the REIT has indirectly (i) advanced \$1,276,720 under the Initial Epic Acquisition Loan and entered into the Epic Purchase Agreement to acquire 15 of the Initial Epic Condominium Units for an average price of \$500 per square foot, representing a discount of 16.5% to the average listed price of \$598 per square foot as of June 6, 2016, and (ii) advanced \$2,014,824

under the Initial Musee Acquisition Loan and entered into the Musee Purchase Agreement to acquire 15 of the Initial Musee Condominium Units for a price of \$551 per square foot, representing a discount of 10.70% to the listed price of \$618 per square foot as of May 28, 2016. The amount advanced under the Initial Epic Acquisition Loan represents approximately 35% of the purchase price of the 15 of the Initial Epic Condominium Units to be acquired under the Epic Purchase Agreement. The amount advanced under the Initial Musee Acquisition Loan represents approximately 35% of the purchase price of the 15 of the Initial Musee Condominium Units to be acquired under the Musee Purchase Agreement. Interest is payable under the Initial Acquisition Loans at a rate of 0.5% per annum. The Initial Acquisition Loans have a term of 18 months and, if the acquisition of the applicable Condominium Units has not closed on or prior to the end of such period and such period has not been extended by mutual agreement between the Initial Acquisition Partnership and Epic or Musee, as applicable, or if the Purchase Agreement has been terminated, the applicable Initial Acquisition Loan will be repaid to the Initial Acquisition Partnership. The Initial Acquisition Partnership has the right to terminate the Epic Purchase Agreement and the Musee Purchase Agreement. Anthony Heller has provided a personal guarantee in respect of each of the Initial Epic Acquisition Loan and the Initial Musee Acquisition Loan and will provide a personal guarantee in respect of any future Acquisition Loans. It is expected that the Initial Acquisition Partnership will not exercise its termination right in respect of the Purchase Agreements and will acquire the Condominium Units subject to those agreements, at which time the principal owing under the Initial Epic Acquisition Loan will be applied to the purchase price of the Condominium Units subject to the Epic Purchase Agreement and the principal owing under the Initial Musee Acquisition Loan will be applied to the purchase price of the Condominium Units subject to the Musee Purchase Agreement. See “Item 2.2.3 – The Acquisition Loans”.

**The Lease Guarantee:**

Following Closing, Musee will enter into the Lease Guarantee in favour of the Initial Acquisition Partnership pursuant to which Musee will agree, commencing on closing of the acquisition of the Initial Musee Condominium Units, to make payments to the Initial Acquisition Partnership in an annual amount of up to 6% of the purchase price per Initial Musee Condominium Unit (subject to the reduction described in (i) below), which amount shall be paid in 12 equal monthly payments, until the earlier of (i) the date on which such Condominium Unit is leased to a third party and the payment of annual rent of at least 6% of the purchase price of the applicable Initial Musee Condominium Unit commences under such lease (and, if the Initial Musee Condominium Unit is leased for a lesser amount, the payment under the Lease Guarantee will be reduced by the amount of such rent), and (ii) the one year anniversary of the closing of the acquisition of such Condominium Unit by the Initial Acquisition Partnership.

**Management Interests and Potential Conflicts:**

Each of the REIT, the Partnership, the General Partner, the Initial Acquisition Partnership and the Acquisition Partnership GP and certain of their respective trustees, directors, officers and equityholders are or will be persons who are not at arm's length with Musee, Epic, the Asset Manager, Cranson Investments and/or the Agent, and may be paid for the performance of their obligations under various agreements described in this Offering Memorandum. Additionally, none of these parties are or will be limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and are currently, and may in the future be, engaged in the development of, investment in, or management of, businesses that may compete with the business of the REIT and its affiliates described herein.

In addition, Anthony Heller, one of the Trustees, is a principal, director and officer of Musee, the owner of the condominium in which the Initial Musee Condominium Units are located and the vendor of the Initial Musee Condominium Units, the borrower under the Acquisition Loan and the guarantor under the Lease Guarantee. Anthony Heller and Robert Jacobs, a director and officer of the general partner of the General Partner, one of the limited partners of the General Partner and a director, officer and shareholder of the Asset Manager, are partners and investors in the Epic condominium project and, as such, will indirectly receive proceeds from the sale of the Initial Epic Condominium Units to the REIT.

Anthony Heller, one of the Trustees, is related to Robert Jacobs, a director and officer of the general partner of the General Partner, one of the limited partners of the General Partner and a director, officer and shareholder of the Asset Manager. Robert Jacobs will receive, indirectly, a portion of the Partnership Proceeds distributed to the General Partner and the Management Fee.

Certain individuals who are related to Anthony Heller, one of the Trustees, own a significant interest in each of the Agent and Cranson Investments.

Devon Cranson, a principal, director and officer of the Agent and Cranson Investments, is a Trustee. The Agent will receive fees under the Agency Agreement and Cranson Investments will indirectly receive a portion of the Partnership Proceeds distributed to the General Partner. **As a result of the relationship between Devon Cranson and the REIT and its Affiliates, the REIT may be considered a “connected issuer” of the Agent, as such term is defined in National Instrument 33-105.**

See “Item 2.1.4 – Conflicts of Interests” and “Item 8 - Risk Factors”.

#### **Risk Factors:**

An investment in the Units is subject to a number of risks that should be considered by a prospective purchaser. Cash distributions by the REIT are not guaranteed and will be based indirectly upon the business operated by the Partnership, which is susceptible to a number of risks. These risks, and other risks associated with an investment in the Units, include those related to: limited marketability; dependence on key personnel; access to capital; risk of investment in the business and real estate ownership; financial estimates; timing of acquisition of Initial Condominium Units; terms of Acquisition Loan; risk of change in investment return; nature of Units; dilution; structural subordination of the Units; voting rights; capital investment; potential for conflict of interest; tax related risks; redemption right; net worth of General Partner; environmental risks; damage to Condominium Units; and geographic concentration. See “Risk Factors”.

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purpose of evaluating the Units offered hereby. Prospective investors should only rely on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the REIT or the Trustees or the Units offered herein and any such information or representation must not be relied upon.

#### **FORWARD-LOOKING STATEMENTS**

This Offering Memorandum contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the REIT’s future outlook and anticipated events or results and may include statements regarding the future financial position, property acquisitions, business strategy, budgets, projected costs, financial results and plans and objectives of the REIT and the future condition of the GTA residential real estate industry in general. In some cases, forward-looking information can be identified by terms

such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include expectations and prospects of the REIT with respect to the acquisition of the Initial Condominium Units , results of operations, cash distributions, business prospects and opportunities and industry outlook and related projections, including projected revenues, projected costs and projected profits. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum.

Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: the acquisition of the Initial Condominium Units and the ability of the REIT to obtain the necessary financing; the level of activity in the GTA residential real estate industry and the economy generally; anticipated and unanticipated costs; results of operations; business performance; and business prospects and opportunities. If the acquisition of all or a portion of the Initial Condominium Units is not completed, or if it is completed on terms that are different from those described herein, the REIT’s future financial results will be significantly different than those presently projected herein.

While the REIT considers the assumptions made to be reasonable as of the date hereof based on information currently available to it, they may prove to be incorrect. By its nature, forward-looking information involves numerous assumptions, risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including those listed under “Item 8 - Risk Factors”. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the REIT.

The forward-looking statements contained herein should not be relied upon as representing the REIT’s views as of any date subsequent to the date of this Offering Memorandum. The REIT is not under any obligation and does not undertake to update this information at any particular time and assumes no obligation to update or revise forward-looking statements should circumstances or the Trustees’ estimates or opinions change.

## **MARKETING MATERIALS**

The presentation of the REIT dated June 23, 2016, and any other marketing materials relating to the distribution of Units under this Offering Memorandum and delivered or made reasonably available to prospective purchasers prior to the termination of the distribution of the Units under the Offering, are hereby specifically incorporated by reference into and form an integral part of this Offering Memorandum.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequent document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

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## GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings, and grammatical variations of such words and terms shall have corresponding meanings:

“**Acquired Epic Units**” means the 15 Condominium Units to be acquired pursuant to the Epic Purchase Agreement.

“**Acquired Musee Units**” means the 15 Condominium Units to be acquired pursuant to the Musee Purchase Agreement.

“**Acquisition Loan**” means those certain loans to be made by the Initial Acquisition Partnership to Musee and Epic in the amount of up to 35% of the purchase price of the Initial Musee Condominium Units or the Initial Musee Condominium Units, as applicable, with interest payable at a rate of 0.5% per annum, including the Initial Acquisition Loans.

“**Acquisition Partnership GP**” means a corporation formed under the laws of the Province of Ontario, whose business will be to serve as the general partner of the Initial Acquisition Partnership or, as the context requires, the general partner of any other Acquisition Partnership.

“**Acquisition Partnerships**” means the limited partnerships through which the REIT will indirectly acquire condominium units from time to time, including the Initial Acquisition Partnership.

“**Additional Closings**” means the closing of subscriptions for Units accepted by the REIT after the Closing.

“**Affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**Agency Agreement**” means the agency agreement between the Agent and the REIT dated March 7, 2016.

“**Agent**” means Cranson Capital Securities Inc., an Ontario corporation.

“**Asset Management Agreement**” means the asset management agreement to be entered into between the REIT, certain of its affiliates and the Asset Manager, pursuant to which the Asset Manager will provide asset management services to the REIT and its affiliates.

“**Asset Manager**” means Towncorp Asset Management Inc., an Ontario Corporation.

“**Associate**” in relation to any party, has the meaning ascribed thereto in the *Securities Act* (Ontario) and also includes any person who does not deal at “arm’s length” (as that term has meaning as set forth in the Tax Act) with such party.

“**Business**” means, with respect to the REIT, the making (indirectly) of equity investments in the Acquisition Partnerships and, with respect to the Acquisition Partnerships, the making of the Acquisition Loan and the acquisition, ownership and leasing of Condominium Units, initially in the GTA, including the Initial Condominium Units.

“**Business Day**” means any day, other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario or any day in which commercial banks are not open for business in Toronto, Ontario.

“**CBCA**” means the *Canada Business Corporations Act*.

“**Closing**” means the closing on the Closing Date of subscriptions for Units offered pursuant to this Offering.

“**Closing Date**” means any day set by the REIT for the Closing of this Offering.

“**Condominium Units**” means units in condominium projects that are owned by the Acquisition Partnerships from time to time, including the Initial Condominium Units.

“**Cranson Investments**” means Cranson Capital Securities Investments Inc., an Ontario corporation.

“**Declaration of Trust**” means the declaration of trust pursuant to which the REIT was established, which will be amended and restated prior to Closing, as it may be further amended, supplemented or amended and restated from time to time.

“**Developers**” means, collectively, Musee and Epic.

“**Epic**” means Epic on Triangle Park Inc.

“**Epic Purchase Agreement**” means the purchase agreement entered into between the Initial Acquisition Partnership and Epic with respect to the acquisition of 15 of the Initial Epic Condominium Units.

“**General Partner**” means a limited partnership that will be formed under the laws of the Province of Manitoba, whose business will be to serve as the general partner of the Partnership.

“**General Partner Units**” means the Partnership Units to be held by the General Partner on Closing.

“**Gross Asset Value**” means the gross asset value of the REIT calculated based on the greater of (i) historical cost of the REIT’s assets and (ii) the most recent valuation of the REIT’s assets.

“**GTA**” means the Greater Toronto Area.

“**Initial Acquisition Loans**” means, collectively, the Initial Epic Acquisition Loan and the Initial Musee Acquisition Loan.

“**Initial Acquisition Partnership**” means the Acquisition Partnership that will make the Acquisition Loan and effect the acquisition of the Initial Condominium Units.

“**Initial Acquisition Partnership LPA**” means the limited partnership agreement in respect of the Initial Acquisition Partnership.

“**Initial Closing**” means the initial closing of 38,325 Units pursuant to the Offering on March 10, 2016, March 31, 2016, May 19, 2016 and June 6, 2016.

“**Initial Condominium Units**” means, collectively, the Initial Epic Condominium Units and the Initial Musee Condominium Units.

“**Initial Epic Acquisition Loan**” means the Acquisition Loan in the amount of \$1,276,720 made by the Initial Acquisition Partnership to Epic in connection with the acquisition of the Acquired Epic Units.

“**Initial Epic Condominium Units**” means up to 45 Condominium Units in the condominium project known as Epic, including the Acquired Epic Units, which are expected to be acquired by the Initial Acquisition Partnership pursuant to the terms of the Epic Purchase Agreement and any similar purchase agreements entered into in respect of the Initial Epic Condominium Units.

“**Initial Musee Acquisition Loan**” means the Acquisition Loan in the amount of \$2,014,824 made by the Initial Acquisition Partnership to Musee in connection with the acquisition of the Acquired Musee Units.

“**Initial Musee Condominium Units**” means up to 80 Condominium Units in the condominium project known as Musee, including the Acquired Musee Units, which are expected to be acquired by the Initial Acquisition Partnership pursuant to the terms of the Musee Purchase Agreement and any similar purchase agreements entered into in respect of the Initial Musee Condominium Units.

“**Invested Capital**” means an amount equal to (i) capital contributions by the limited partners of the Partnership less (ii) the aggregate amount of any distributions by the Partnership.

**“Lease Guarantee”** means that guarantee to be entered into by Musee in favour of the Initial Acquisition Partnership, pursuant to which Musee will agree, commencing on closing of the acquisition of the Initial Musee Condominium Units, to make payments to the Initial Acquisition Partnership in an annual amount of up to 6% of the purchase price per Initial Musee Condominium Unit (subject to the reduction described in (i) below), which amount shall be paid in 12 equal monthly payments, until the earlier of (i) the date on which such Condominium Unit is leased to a third party and the payment of annual rent of at least 6% of the purchase price of the applicable Initial Musee Condominium Unit commences under such lease (and, if the Initial Musee Condominium Unit is leased for a lesser amount, the payment under the Lease Guarantee will be reduced by the amount of such rent), and (ii) the one year anniversary of the closing of the acquisition of such Condominium Unit by the Initial Acquisition Partnership.

**“Liquidity Event”** means (i) the listing of the Units on a stock exchange or the exchange of Units for securities listed on a stock exchange, (ii) the sale of (a) the Condominium Units as a portfolio, (b) the Units, or (c) securities of a direct or indirect subsidiary of the REIT, in each case for cash or securities listed on a stock exchange or a combination of cash and securities listed on a stock exchange, or (iii) such other event as determined by the Trustees, in their sole discretion, to constitute a liquidity event.

**“LP Units”** means the limited partnership units of the Initial Acquisition Partnership.

**“Management Fee”** means the fees payable from time to time by the REIT and its Affiliates to the Asset Manager pursuant to the Asset Management Agreement.

**“Maximum Offering”** means the maximum Offering size of \$18,000,000 or 180,000 Units.

**“Minimum Offering”** means the minimum Offering size of \$5,000,000 or 50,000 Units, which minimum Offering size has been waived by the Trustees in connection with the Initial Closing.

**“Musee”** means Musee Residences Corp.

**“Musee Purchase Agreement”** means the purchase agreement entered into between the Initial Acquisition Partnership and Musee with respect to the acquisition of 15 of the Initial Epic Condominium Units.

**“Purchase Agreements”** means, collectively, the Epic Purchase Agreement and the Musee Purchase Agreement.

**“Net Income”** and **“Net Loss”** in respect of any fiscal period mean, respectively, the net income or net loss of the applicable partnership in respect of such period as determined in accordance with generally accepted accounting principles in Canada.

**“Offering”** means the offering(s) of Units pursuant to the terms of this Offering Memorandum, which shall consist of a minimum of 50,000 Units (which amount has been waived by the Trustees) and a maximum of 180,000 Units, subject to the right of the Trustees of the REIT to waive such minimum and maximum amounts.

**“Offering Memorandum”** means this offering memorandum dated June 7, 2016, which amends and restates the offering memorandum dated January 26, 2016, as the same may be amended or amended and restated from time to time.

**“Offering Proceeds”** means the net proceeds from the Offering.

**“Partner”** means the General Partner, as general partner of the Partnership, and the REIT, as limited partner of the Partnership, and **“Partners”** means all partners of the Partnership.

**“Partnership”** means Central Condominium Limited Partnership, a limited partnership existing under the laws of the Province of Manitoba.

**“Partnership Agreement”** means the limited partnership agreement in respect of the Partnership, as may be amended, supplemented or restated from time to time.

**“Partnership Proceeds”** means the proceeds received by the Partnership in connection with its investments in the Acquisition Partnerships, as limited partner, less amounts which are paid, payable, incurred or provided for in such period in connection with: (a) administrative expenses and other obligations of the Partnership; (b) satisfaction of its debt service obligations (principal and interest) and other indebtedness, if any; and (c) any amount that the General Partner may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liabilities, that have been or are reasonably expected to be incurred in respect of the activities and operations of the Partnership (to the extent such costs or expenses have not otherwise been taken into account in the calculation of the available distributable cash of the Partnership).

**“Partnership Units”** means limited partnership units of the Partnership.

**“Person”** is to be broadly interpreted and includes an individual, an incorporated body wherever or however incorporated, a partnership, a trust, a fund, an unincorporated association or organization, a government of a country or any political subdivision thereof, or any agency or department thereof, and the executors, administrators or other legal representatives of an individual in such capacity.

**“Plans”** means trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts, each as defined in the Tax Act.

**“Promoter”** means Towncorp Asset Management Inc., an Ontario Corporation.

**“Redemption Price”** means a price per Unit equal to the fair market value of such Unit at such time, as determined by the Trustees, acting reasonably.

**“REIT”** means Central Condominium Real Estate Investment Trust, an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario.

**“Special Resolution”** means:

- (a) a resolution passed by securityholders holding, in the aggregate, not less than 66 ⅔% of the outstanding securities held by those securityholders who, being entitled to do so, vote in person or by proxy at a duly convened meeting of securityholders or any adjournment thereof; or
- (b) a written resolution in one or more counterparts consented to in writing by securityholders holding, in the aggregate, not less than 66 ⅔% of all of the outstanding securities held by those securityholders who are entitled to vote on the resolution.

**“Subscription Agreement”** means the completed subscription agreement to be entered into by a subscriber on Closing or on Additional Closings.

**“Tax Act”** means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

**“Trustee”** or **“Trustees”** means the trustees of the REIT, or any one of them, from time to time.

**“Unitholders”** means the holders of Units.

**“Units”** means units in the REIT and includes the units offered hereby and units authorized to be issued in accordance with the terms of the Declaration of Trust, and **“Unit”** means any of such units.

In this Offering Memorandum, references to **“dollars”** and \$ are to the currency of Canada, unless otherwise indicated.

## ITEM 1 – USE OF AVAILABLE FUNDS

### 1.1 Funds

The Offering Proceeds and the funds which will be available to the REIT after this Offering are as follows:

|  | <b>Initial Closing<sup>(3)</sup></b> | <b>Assuming Maximum Offering<sup>(3)</sup></b> |
|--|--------------------------------------|--|
| (a) Amount to be raised by this Offering.....                                      | \$3,832,500                          | \$18,000,000                                   |
| (b) Selling commissions and fees <sup>(1)</sup> .....                              | \$306,600                            | \$1,440,000                                    |
| (c) Estimated Offering costs (legal, accounting, audit, etc.) <sup>(2)</sup> ..... | \$234,355                            | \$558,000                                      |
| (d) Contingency .....  | \$0                                  | \$300,000                                      |
| (e) Offering Proceeds .....  | \$3,291,545                          | \$15,702,000                                   |

**Notes:**

- (1) The Units will be offered for sale by the Agent pursuant to the Agency Agreement and such other agents or sub-agents permitted under applicable legislation to sell Units as may be appointed from time to time by the Trustees or the Agent as agents of the REIT in connection with the distribution of Units. The Agent and any such agents or sub-agents appointed by the Trustees or the Agent will receive a commission of 8% of the gross proceeds of the Units sold by them. The sales commissions payable under the Offering in connection with the sale of Units will be payable from the gross proceeds of the Offering. The maximum amount of sales commissions payable under the Initial Closing will be \$306,600 and under the Maximum Offering will be \$1,440,000. The selling commissions and fees will be an expense of the REIT and its Affiliates. See “Item 7.1 – Selling Commissions”.
- (2) The REIT or an affiliate thereof will be responsible for the payment of the costs of the formation and initial organization of the REIT and its affiliates. These costs are estimated to be approximately \$558,000 in the aggregate.
- (3) The Minimum Offering was waived by the Trustees. The price per Unit was determined by the Trustees after consultation with the Agent.

### 1.2 Use of Available Funds

The Offering Proceeds from the sale of Units under this Offering (including the Initial Closing) is currently approximately \$3,832,500. The REIT has used the proceeds received to date to pay for certain expenses of the Offering, make the Initial Epic Acquisition Loan and make the Initial Musee Acquisition Loan. The REIT intends to use the additional Offering Proceeds to indirectly acquire all or a portion of the Initial Condominium Units (including fees and expenses related thereto), including through the advancement of the Acquisition Loans. The following table reflects the use of proceeds of the Offering to date and the intended use of proceeds following the Closing and any Additional Closings:

| <b>Description of intended use of Offering Proceeds Listed in order of Priority</b>                             | <b>Assuming Initial Closing</b> | <b>Assuming Maximum Offering</b> |
|---|---------------------------------|----------------------------------|
| Indirectly make the Initial Epic Acquisition Loan to acquire 15 of the Acquired Epic Units <sup>(1)</sup> ..... | \$1,276,720 <sup>(4)</sup>      | \$1,276,720 <sup>(4)</sup>       |
| Indirectly make the Initial Musee Acquisition Loan to acquire the Acquired Musee Units <sup>(2) (3)</sup> ..... | \$2,014,825 <sup>(5)</sup>      | \$2,014,825 <sup>(5)</sup>       |
| Acquire balance of the Initial Condominium Units.....   | \$0                             | \$11,479,455                     |
| Land Transfer Tax.....  | \$0                             | \$931,000                        |
| <b>Total</b>  | <b>\$3,291,545</b>              | <b>\$15,702,000</b>              |

**Notes:**

- (1) The Initial Epic Condominium Units (including the Acquired Epic Units) will be acquired from Epic. Anthony Heller and Robert Jacobs are partners and investors in connection with the Epic condominium project. Anthony Heller, a Trustee, is a director, officer and principal of Musee and Robert Jacobs is a director and officer of the General Partner, one of the limited partners of the General Partner and a director, officer and shareholder of the Asset Manager. See “Item 2.1.4 – Conflicts of Interest”.
- (2) Less an amount to be held by the REIT for operating costs.

- (3) The Initial Musee Acquisition Loan will be made to Musee and the Initial Musee Condominium Units will be acquired from Musee. Anthony Heller, a Trustee, is a director, officer and principal of Musee. See “Item 2.1.4 – Conflicts of Interest”.
- (4) The Initial Epic Acquisition Loan in the amount of \$1,276,720 was advanced on June 6, 2016.
- (5) The Initial Musee Acquisition Loan in the amount of \$2,014,824 was advanced on May 30, 2016.

### 1.3 Reallocation

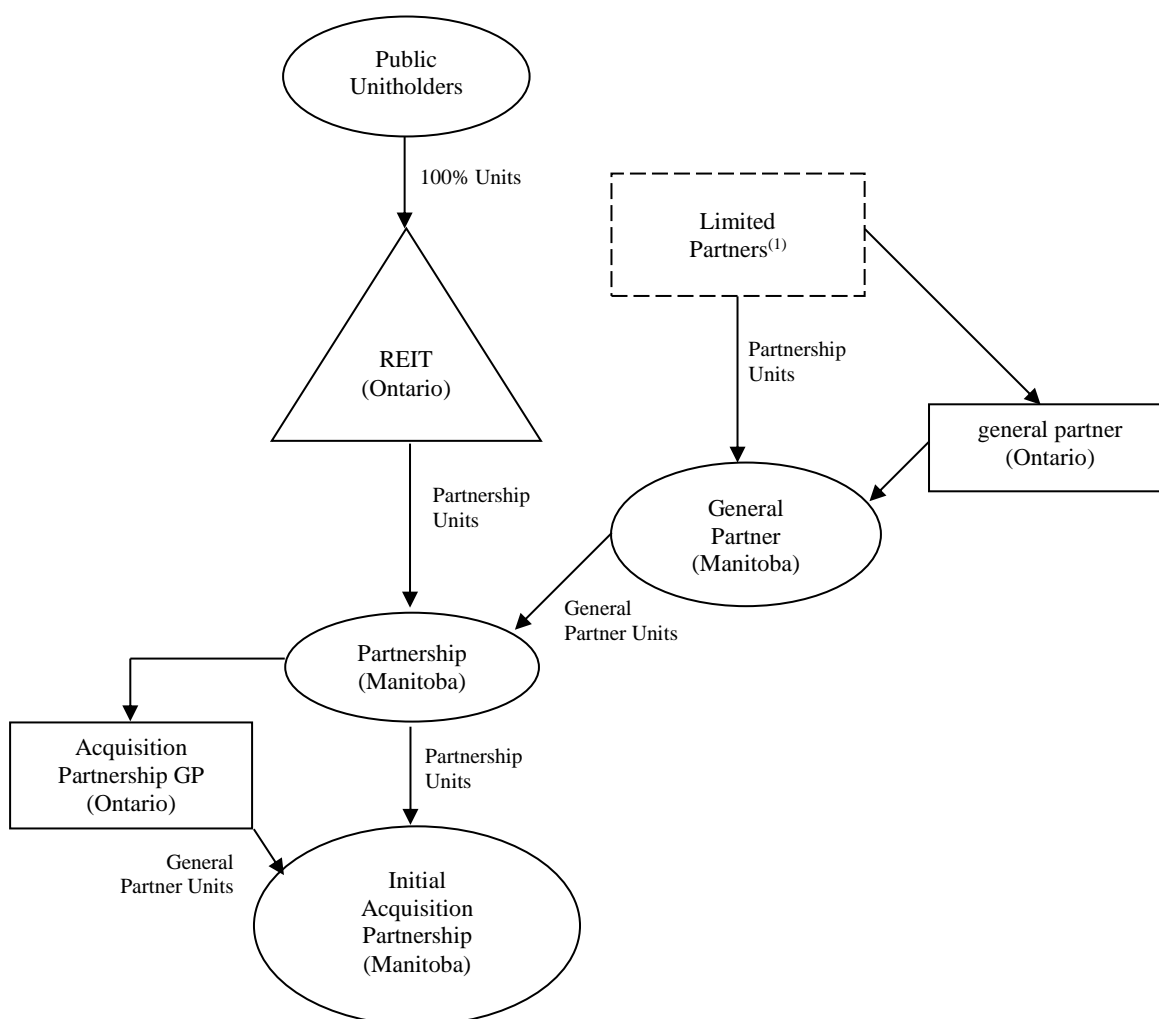
The REIT intends to allocate and use the Offering Proceeds as stated in “Item 1 – Use of Available Funds”. The REIT will reallocate the funds only for sound business reasons.

## ITEM 2 – THE REIT

### 2.1 Structure

The REIT is an unincorporated, open-ended limited purpose trust created by the Declaration of Trust and established under and governed by the laws of the Province of Ontario. The REIT has been created to indirectly acquire and hold all of the partnership units of the Initial Acquisition Partnership, which will make the Acquisition Loan and acquire condominium units, including the Initial Condominium Units. The head office of the REIT is located at 20 Holly St., Suite 103, Toronto, Ontario, M4S 3B1.

The basic organizational structure of the REIT following completion of the Offering will be as follows:



<sup>1</sup> The limited partners will be Robert Jacobs, as to an 80% interest, and Cranson Investments, as to a 20% interest, or their respective affiliates.

### 2.1.1 The REIT

#### *General*

The REIT is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. It is intended that the REIT will qualify as a “unit trust” and a “mutual fund trust” for the purposes of the Tax Act, although the REIT will not be a mutual fund under applicable securities laws. The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust, which summary does not purport to be complete. Reference is made to the Declaration of Trust, a copy of which can be obtained free of charge from the General Partner (20 Holly St., Suite 103, Toronto, Ontario, M4S 3B1), for a complete description of the Units and the following summary is qualified in its entirety by the full text of its provisions.

#### *Investment in the Partnership*

The REIT will use the Offering Proceeds to indirectly acquire all of the limited partnership units of the Initial Acquisition Partnership in furtherance of the investment in the Initial Condominium Units and the identification and acquisition of additional condominium units.

The Declaration of Trust provides that the activities of the REIT are restricted to:

- (a) acquiring, investing in, transferring, disposing of and otherwise dealing with securities of the Partnership and other corporations, partnerships, trusts or other persons engaged, directly or indirectly, in the Business;
- (b) acquiring, investing in, transferring, disposing of and otherwise dealing with securities of the Partnership or any of its subsidiaries;
- (c) temporarily holding cash in interest bearing accounts, short-term government debt for the purposes of paying the expenses and liabilities of the REIT, paying amounts payable by the REIT in connection with the redemption of any Units or other securities of the REIT and making distributions to Unitholders;
- (d) issuing Units and other securities of the REIT (including securities convertible or exchangeable into Units or warrants, options or other rights to acquire Units or other securities of the REIT): (a) for obtaining funds to conduct the activities of the REIT; or (b) in satisfaction of any non-cash distribution;
- (e) issuing debt securities (including debt securities convertible into, or exchangeable for, Units or other securities of the REIT) or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of its assets as security;
- (f) guaranteeing the payment of any indebtedness, liability or obligation of the Partnership or any of its subsidiaries or the performance of any obligation of any of them, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee;
- (g) disposing of any part of the assets of the REIT;
- (h) repurchasing securities issued by the REIT, subject to the provisions of the Declaration of Trust and applicable laws;
- (i) satisfying the obligations, liabilities or indebtedness of the REIT; and
- (j) undertaking all other usual and customary actions for the conduct of the activities of the REIT in the ordinary course as are approved by the Trustees from time to time, or as are contemplated by the Declaration of Trust,

provided the REIT will not undertake any activity, take any action, omit to take any action or make any investment which would result in the REIT not being considered a “mutual fund trust” or would result in the REIT being considered to be a “SIFT Trust”, in each case for purposes of the Tax Act.

### *Capitalization of the REIT*

It is expected that, following the Closing (including any Additional Closings), the issued capital of the REIT will consist of a minimum of 50,000 Units and a maximum of 180,000 Units, subject to the right of the Trustees to waive such minimum and maximum amounts, which right has already been exercised by the Trustees in respect of the Minimum Offering .

Following the Closing and any Additional Closings, the REIT may undertake additional offerings of Units at such prices and at such time as determined by the Trustees in their sole discretion. The funds raised from such additional offerings of Units will be used at the sole discretion of the Trustees, including to acquire additional condominium units.

### *Units*

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is not transferable, except with the prior written approval of the Trustees (which may be withheld in their sole and absolute discretion), and represents an equal undivided beneficial interest in any distributions from the REIT, whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts, and in the net assets of the REIT in the event of termination or winding-up of the REIT. All Units are of the same class with equal rights and privileges. The Trustees may at any time amend the Declaration of Trust to create new classes of Units, which may have rights and privileges that are greater than those enjoyed by Unitholders.

The Units issued pursuant to the Offering are not subject to future calls or assessments, and entitle the holders thereof to one vote for each whole Unit held at all meetings of Unitholders, if and when such meetings are called by the Trustees. Except as set out under “Redemption at the Option of Unitholders” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

### *Issuance of Units*

The Declaration of Trust provides that the Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine, including, without limitation, to vendors in consideration for the acquisition of property from time to time (or in exchange for interests of the Partnership or Acquisition Partnership issued to vendors or the General Partner from time to time). Units may be issued in satisfaction of any non-cash distribution of the REIT to Unitholders on a *pro rata* basis to the extent that the REIT does not have available cash to fund such distributions. The Declaration of Trust also provides, unless the Trustees determine otherwise, that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholder’s share of the distribution. In this case, each certificate, if any, representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units. Such non-resident Unitholders will be required to surrender the certificates, if any, representing their original Units in exchange for a certificate representing their post-consolidation Units.

The Trustees may refuse to allow the issue or registration of the transfer of any Units at any time, including where such issuance or transfer would, in their opinion, adversely affect the treatment of the REIT or the entities in which it directly or indirectly invests under applicable Canadian tax legislation or their qualification to carry on any relevant business. See “Item 2.1.1 – The REIT - Limitation on Non-Resident Ownership” and “Item 6.1 – Summary of Certain Canadian Federal Income Tax Considerations”.

### *Trustees*

The REIT will have a minimum of one Trustee and a maximum of nine Trustees, the majority of whom must be residents of Canada (within the meaning of the Tax Act). Currently, the board of the REIT consists of three Trustees; Devon Cranson, Anthony Heller and Shlomo Marder. Biographical information in respect of the Trustees can be found under “Item 3 – Trustees, Management, Promoters and Principal Securityholders”.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees shall have full, absolute and exclusive power, control and authority over the trust assets and over the affairs of the REIT to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the trust assets and will supervise the



investments and conduct the affairs of the REIT. Subject to such terms and conditions, the Trustees are responsible for, among other things:

- supervising the activities and managing the investments and affairs of the REIT;
- acting for, voting on behalf of and representing the REIT as a holder of the Partnership Units and other securities of the Partnership;
- maintaining records and providing reports to Unitholders; and
- effecting payments of distributable cash from the REIT to Unitholders.

Any Trustee may resign upon 30 days' written notice to the REIT, with the vacancy created by such resignation being filled at the next meeting of the Trustees. A quorum of the Trustees, being the majority of the Trustees then holding office who are entitled to vote, and who have not excluded themselves from voting due to a potential conflict, in respect of the relevant matter (provided a majority of the Trustees comprising such quorum are residents of Canada), may fill a vacancy in the Trustees. In the absence of a quorum of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are no Trustees then in office, any Unitholder may call the meeting. Additionally, a quorum of Trustees may appoint additional Trustees from time to time, provided that at no time shall the REIT have more than nine Trustees, the majority of who must be residents of Canada (within the meaning of the Tax Act).

The Declaration of Trust provides that, subject to the ability of the Trustees to transact with the REIT as described below, the Trustees will act honestly and in good faith with a view to the best interests of the REIT and in connection with that duty will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee will be entitled to indemnification from the REIT in respect of the exercise of the Trustee's power and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of all the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his/her conduct was lawful.

#### *Trustees' Powers to Transact with the REIT*

The Declaration of Trust explicitly provides that the Trustees shall be permitted, directly or indirectly, to engage in transactions with the REIT or with any of its Affiliates, Associates or subsidiaries; provided, however, that such transactions are, in the opinion of any disinterested Trustee or Trustees, if applicable, on the same basis as might reasonably be negotiated with any arm's length third party. The Trustees shall not be required to devote their entire time to the investments or affairs of the REIT.

#### *Distributions*

The REIT intends to make distributions of its distributable cash to Unitholders commencing as soon as is reasonably practicable after the acquisition of the Initial Condominium Units, and, thereafter, from time to time as the Trustees, in their sole discretion, may determine. The amount of the REIT's distributable cash will be equal to the distributions (if any) on or in respect of the Partnership Units owned by the REIT less: (i) administrative expenses and other obligations of the REIT; (ii) amounts that may be paid by the REIT in connection with any cash redemptions or repurchases of Units; (iii) satisfaction of the REIT's debt service obligations (principal and interest) on indebtedness, if any; and (iv) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the REIT, that have been or are reasonably expected to be incurred in the activities and operations of the REIT.

The REIT may make additional distributions in excess of the aforementioned distributions during the year, as the Trustees may determine. If necessary, a distribution will be declared in respect of the month ending December 31 in each year which will include such amount in respect of the taxable income and net realized capital gains, if any, of the REIT for such year to ensure that the REIT will not be liable for ordinary income taxes under the Tax Act in such year.

Any income of the REIT that is unavailable for cash distribution will, to the extent necessary to ensure that the REIT does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust provides that immediately after any *pro rata* distribution of Units to all Unitholders in

satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident Unitholders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units.

To the extent the REIT declares any distributions, the REIT shall make such cash distributions to Unitholders of record as at the date of the declaration, and the distributions will be paid on or about the 15th day following such date.

Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable in respect of any distributions of income by the REIT, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

#### *Redemption at the Option of Unitholders*

Units are redeemable at any time on demand by the holders thereof. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive the Redemption Price.

The aggregate Redemption Price payable by the REIT in respect of all Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitation that the total amount payable by the REIT in respect of those Units and all other Units tendered for redemption in the same calendar month shall not exceed \$10,000, provided that the Trustees may, in their sole discretion, waive this limitation in respect of all Units tendered for redemption in any calendar month.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations, then each Unit tendered for redemption will, subject to any applicable regulatory approvals, be redeemed by way of an *in specie* distribution of property and/or unsecured subordinated notes of the REIT with a market rate of interest, as is determined by the Trustees in their sole discretion, provided that such property has a fair market value equal to the Units being redeemed, as determined by the Trustees in their sole discretion. Property distributed by the REIT on a redemption may be illiquid, and generally will not be qualified investments for Plans and may be prohibited investments for RRSP, RRIFs and TFSAs.

#### *Repurchase of Units*

The REIT will be allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable regulatory policies.

#### *Meetings of Unitholders*

Meetings of Unitholders may be held at such time and place as shall be prescribed by the Trustees from time to time, for the purpose of transacting such business as the Trustees may determine. **It is not currently contemplated that there will be annual meetings of Unitholders and there are currently no specific matters in respect of which Unitholders have the right to vote.** The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders. Any notice sent to Unitholders in connection with a meeting of Unitholders will identify the matters the Trustees intend to place before such meeting and specify the percentage of votes required to approve each such matter, which percentage required in respect of each such matter will be determined by the Trustees in their sole discretion; provided, however, that unless otherwise determined by the Trustees, all such matters will require the approval of 50% of the votes cast in person or by proxy by Unitholders entitled vote on such matter. Any matter to be considered by Unitholders at a meeting called by the Trustees may be approved through a resolution in writing signed by Unitholders who hold the percentage of votes required to approve such matter at the meeting, as determined by the Trustees.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all meetings.

### *Limitation on Non-Resident Ownership*

In order for the REIT to qualify, and maintain its status, as a mutual fund trust under the Tax Act, the REIT must not be established or maintained primarily for the benefits of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada and/or partnerships other than Canadian partnerships be the beneficial owners of more than 45% of the Units (on both a non-diluted and, if applicable, fully-diluted basis for these purposes). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or as to their status as Canadian partnerships.

If the Trustees become aware that the beneficial owners of more than 45% of the Units then outstanding are or may be non-residents and/or partnerships other than Canadian partnerships or that such a situation is imminent, the Trustees will not accept a subscription for Units from, or issue or register a transfer of Units to, any person unless the person provides a declaration that he or she is not a non-resident or a partnership other than a Canadian partnership.

If, notwithstanding the foregoing, the Trustees determine that more than 45% of the Units are held by non-residents and/or partnerships other than Canadian partnerships, they may send a notice to such holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period determined by the Trustees. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents or a partnership other than a Canadian partnership within such period, the Trustees may sell such Units on behalf of such Unitholders, and in the interim, the voting and distribution rights attached to such Units will be suspended.

Upon such sale, the affected holders will cease to be holders of the Units and their rights will be limited to receiving the net proceeds of such sale.

### *Amendments to the Declaration of Trust*

Pursuant to the Declaration of Trust, the Trustees, at their discretion and without the approval of the Unitholders, will be entitled to make amendments to the Declaration of Trust.

### *Term of the REIT*

Unless the REIT is sooner terminated as otherwise provided in the Declaration of Trust, the REIT will continue in full force and effect so long as the Trustees hold any property of the REIT.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the REIT, the Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustees shall proceed to wind up the affairs of the REIT as soon as may be reasonably practicable and for such purpose shall sell and convert into money the Partnership Units and all other assets comprising the REIT in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the REIT. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the REIT and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall distribute the remaining part of the proceeds of the sale of the Partnership Units and other assets together with any cash forming part of the assets of the REIT among the Unitholders in accordance with their *pro rata* interests. If the Trustees are unable to sell all or any of the Partnership Units or other assets which comprise part of the REIT by the date set for termination, the Trustees may distribute the remaining Partnership Units or other assets *in specie* directly to the Unitholders in accordance with their *pro rata* interests, subject to obtaining all required regulatory approvals.

### *Information and Reports*

The REIT will furnish to Unitholders all annual financial statements of the REIT, prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation and any other information and forms required to be provided under applicable securities laws.

Prior to a meeting of Unitholders, the Trustees will provide to the Unitholders (along with notice of the meeting) all information as is required by the Declaration of Trust to be provided to Unitholders.

Under the Declaration of Trust, each Unitholder is required to provide on a timely basis, such information that the Trustees reasonably determine is necessary or desirable, in order for the REIT to comply with its obligations under the United States Foreign Account Tax Compliance Act ("FATCA") and any other similar legislation, regulation,

guidance or intergovernmental agreement (including the intergovernmental agreement between Canada and the United States and related legislation). The Trustees shall have the authority to disclose on behalf of the REIT any such information to any governmental body to the extent required by applicable law, and to otherwise use such information to comply with FATCA or any such similar regime.

#### *Unit Certificates*

Certificates for the Units in fully registered form will be issued to registered owners of such Units. Such certificates will bear, as of the distribution date for such Units and until such time as the same is not required, legends substantially in the following form and with the necessary information inserted:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE IS FOUR MONTHS AND A DAY AFTER THE LATER OF (i) [THE DISTRIBUTION DATE] AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

“UNITS REPRESENTED BY THIS CERTIFICATE CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF WITHOUT THE PRIOR WRITTEN APPROVAL OF THE TRUSTEES OF THE REIT (WHICH MAY BE WITHHELD IN THEIR SOLE AND ABSOLUTE DISCRETION) AND OTHERWISE PURSUANT TO THE TERMS OF THE DECLARATION OF TRUST.”

#### *Rights of Unitholders*

The Declaration of Trust includes provisions intended to limit the liability of Unitholders for liabilities and other obligations of the REIT. The *Trust Beneficiaries' Liability Act, 2004* provides that unitholders of a trust (such as the REIT) are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of the trust or its trustees. The statute has not yet been judicially considered and it is possible that reliance on the statute by a Unitholder could be successfully challenged on jurisdictional or other grounds.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the REIT are entitled to receive, subject to certain conditions and limitations, their *pro rata* share of the REIT's net assets through the exercise of the redemption rights provided by the Declaration of Trust, as described under “Redemption at the Option of Unitholders”. Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties.

Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in certain circumstances, whereas Unitholders have no such recourse. Additionally, shareholders of a CBCA corporation may apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow Unitholders such recourse. Further, the CBCA permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the REIT.

#### *Fiscal Year End*

The fiscal year end of the REIT will be December 31 annually.

#### *Registrar and Transfer Agent*

The REIT will act as its own registrar and transfer agent.

## **2.1.2 The Partnership**

### *Introduction*

The Partnership will be a limited partnership formed pursuant to the laws of the Province of Manitoba. The objective of the Partnership will be to hold investments in the Acquisition Partnerships and such other investments as the General Partner may determine, including all activities ancillary or incidental thereto. The Partnership may make loans to vendors from time to time, including in connection with direct or indirect acquisitions by the Partnership of property from such vendors.

### *Capital*

The capital of the Partnership will be comprised of Partnership Units and General Partner Units. The REIT will use the Offering Proceeds to subscribe for and purchase all of the Partnership Units which, for greater certainty, does not include the General Partner Units.

The Partnership may, from time to time, borrow funds on terms acceptable to the General Partner and/or accept subscriptions for additional Partnership Units from the REIT or from third parties, including, without limitation, as consideration for the acquisition of property from time to time.

### *Distributions of Partnership Proceeds*

The Partnership will make distributions of Partnership Proceeds as follows:

- (a) first, as to 0.001%, to the General Partner;
- (b) second, as to 100%, to the limited partners of the Partnership, until the limited partners have received an aggregate amount equal to the sum of (i) the Invested Capital and (ii) a cumulative preferred return equal to 6% per annum (calculated on the basis of a 365 day year) on the Invested Capital calculated from and including the date on which the Invested Capital (or, if applicable, any portion thereof) was received by the Partnership from the limited partners, to but excluding the relevant date or dates of distribution, which return shall accrue from day to day and shall be calculated on the basis of the number of days actually elapsed in such period;
- (c) third, as to 100%, to the General Partner, until such time as the General Partner has received a cumulative preferred return equal to 2% per annum (calculated on the basis of a 365 day year) on the Invested Capital calculated from and including the date on which the Invested Capital (or, if applicable, any portion thereof) was received by the Partnership, to but excluding the relevant date or dates of distribution, which return shall accrue from day to day and shall be calculated on the basis of the number of days actually elapsed in such period (which amount, for greater certainty, will equal 25% of the aggregate of the cumulative preferred return under clause (b) and this paragraph (c)); and
- (d) thereafter, as to 75% , to the limited partners of the Partnership and, as to 25%, to the General Partner.

### *The Partnership Agreement*

The rights and obligations of the Partners will be governed by the Partnership Agreement. The statements in this section and elsewhere in this Offering Memorandum concerning the Partnership Agreement are intended to be only a summary of certain provisions of such agreement and do not purport to be complete. A prospective investor should review the provisions of the form of Partnership Agreement, which will be available for inspection during normal business hours at 20 Holly St., Suite 103, Toronto, Ontario, M4S 3B1, for the complete details of such provisions.

### *Allocation of Distributable Cash, Taxable Income and Loss*

#### ***Distributions to Partners***

Limited partners of the Partnership and the General Partner will receive distributions from the Partnership as and when declared by the General Partner in the amount described above under “- Distributions of Partnership Proceeds”.

#### ***Taxable Income and Losses***

Taxable income of the Partnership will be allocated to the limited partners of the Partnership and the General Partner generally in accordance with the parties' respective entitlements to distributions therefrom.

Net Income and Net Loss of the Partnership in respect of a fiscal period generally will be allocated to the limited partners of the Partnership and the General Partner on the same basis.

#### *Liquidity Event*

Upon the occurrence of a Liquidity Event that does not result in the Partnership receiving, directly or indirectly, any cash proceeds (including, without limitation, the listing of the Units on a stock exchange and/or the sale of all or substantially all of the Units), the fair market value of the General Partner interest will be based upon the initial listing price of the Units in the case of the listing of the Units on a stock exchange or, in respect of any other Liquidity Event (or if the General Partner and the Trustees agree), the net asset value of the Partnership's properties. The General Partner shall have the right to exchange its General Partner interest for Units (or securities exchangeable for Units) or, at the election of the General Partner, the General Partner interest will be redeemed by the Partnership for cash, in each case based on the value so determined. For greater certainty, the fair market value of the General Partner interest upon such a Liquidity Event will be calculated as if the Partnership sold all of its properties for fair market value (on the basis described above) and distributed all of the resulting Partnership Proceeds to its partners pursuant to the Partnership Agreement and the General Partner will have the right to realize its interest (on the basis described above) upon such deemed distribution.

#### *Functions and Powers of the General Partner*

The General Partner will be owned by Robert Jacobs (as to 80%) and Cranson Investments (as to 20%). Subject to the provisions of the Partnership Agreement, the General Partner will be the general partner of, and carry on the business of, the Partnership, with full power and authority for and on behalf of and in the name of the Partnership. The General Partner will exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership, and will exercise the care, diligence and skill of a prudent and qualified manager of a business similar to that of the Partnership.

The Partnership will not be responsible for the rent or overhead expenses of the General Partner, nor for the salaries and benefits paid to officers, directors and shareholders of the General Partner.

The General Partner will have the power, on behalf of the Partnership, to make, execute, sign, acknowledge and file for recording at the appropriate public offices such documents as may be necessary to continue the Partnership in good standing, to reflect any amendments to the Partnership Agreement and to execute certain agreements on behalf of the Partners. To this end, any parties who subscribe for Partnership Units will irrevocably constitute the General Partner as their attorney for the purpose of carrying out such activities.

#### *Duties of the General Partner*

Pursuant to the Partnership Agreement, the General Partner will not be liable for the losses or damages to the Partnership other than those attributable to a failure to act honestly and in good faith or attributable to an act of gross negligence or wilful misconduct. The General Partner will not be liable for the negligence, dishonesty or bad faith actions of any broker or other agent selected by the General Partner with reasonable care.

#### *Removal of a General Partner*

Limited partners of the Partnership may, upon the passage of a Special Resolution, cause the removal of the General Partner and name a successor general partner if the General Partner continues in default of any provisions of the Partnership Agreement for a period of thirty (30) days after notice is given to the General Partner of such default, provided that if the default is such that more than thirty (30) days are required for its cure, the General Partner may not be removed provided it commences to cure the default within such thirty (30) day period and diligently pursues such curative measures.

Limited partners of the Partnership will have the right to remove the General Partner in the event of the bankruptcy or dissolution, liquidation or winding-up of the General Partner or upon the appointment of a trustee, receiver or receiver and manager of the affairs or properties of the General Partner. In such circumstances, the limited partners of the Partnership will have the right to designate a successor General Partner.

#### *Accounting and Reporting*

The General Partner will keep or cause to be kept, on behalf of the Partnership, books and records reflecting the assets, liabilities, income and expenditures of the Partnership and registers listing all Partners and the Partnership Units held by them. Such books, records and registers will be kept available for inspection by any limited partner of

the Partnership or its duly authorized representative (at the expense of such limited partner) during business hours at the offices of the General Partner.

The General Partner, or agents on its behalf, will be responsible for the preparation of audited annual financial statements of the Partnership as at the end of each fiscal year of the Partnership. The fiscal year end of the Partnership will be December 31. The Partnership, or agents on its behalf, will distribute a copy of such audited annual financial statements together with a report on the affairs of the Partnership to each limited partner of the Partnership within 90 days of the end of each fiscal year, and shall provide each such limited partner with all income tax information regarding the Partnership and its operations within 90 days after the end of each fiscal year of the Partnership. The cost of preparing all such reports shall be an expense of the Partnership. Each Partner shall be solely responsible for filing its income tax returns and reporting its share of the Partnership income or loss.

#### *Rights of Partners*

Partners other than the General Partner will not be entitled to take part in the management or control of the Business of the Partnership. Such rights will be delegated solely to the General Partner. The General Partner shall circulate within 90 days after the end of each calendar year a report on the affairs of the Partnership.

The Partnership Agreement will provide that holders of Units are entitled by Special Resolution to, among other things:

- (a) subject to certain conditions, remove the General Partner and appoint a new general partner;
- (b) approve the dissolution or termination of the Partnership;
- (c) change the business of the Partnership; and
- (d) change the fiscal year end of the Partnership.

#### *Amendment*

The Partners will, generally speaking, be entitled to authorize amendments to the Partnership Agreement by Special Resolution, but no such amendment that adversely affects the rights of the General Partner or reduces any fee or other compensation payable to the General Partner may be made without the approval of the General Partner. A General Partner will be entitled to make amendments to the Partnership Agreement without the consent of the limited partners provided such amendments are for the admission of new partners, are for the protection of the Partners, are to cure ambiguities, or, in the opinion of counsel to the Partnership, do not materially adversely affect the rights of any Partner.

#### **2.1.3 The General Partner**

The General Partner will be a limited partnership formed under the laws of the Province of Manitoba.

On Closing, all of the issued and outstanding limited partner interests of the General Partner will be owned by Robert Jacobs (as to 80%) and Cranson Investments (as to 20%). The general partner of the General Partner will be owned by Robert Jacobs (as to 80%) and Cranson Investments (as to 20%).

The General Partner will have no material net worth and no assets other than their right to participate in the income and losses of the Partnership. The General Partner will not carry on any business other than to act as general partner of the Partnership.

On Closing, the officer(s) and director(s) of the general partner of the General Partner will be:

| <b>Name and Office Held</b>         | <b>Municipality of Residence</b> | <b>Principal Occupation</b>                |
|-------------------------------------|----------------------------------|--|
| Robert Jacobs, Director and Officer | Toronto, Ontario                 | Founder of Towncorp Developments Inc.      |
| Devon Cranson, Director and Officer | Toronto, Ontario                 | Founder of Cranson Capital Securities Inc. |

For biographical information of Robert Jacobs and Devon Cranson, see “Item 3.2 – Management Experience”.

#### **2.1.4 Conflicts of Interest**

##### *Management Interests*

Each of the REIT, the Partnership, the General Partner, the Initial Acquisition Partnership and the Acquisition Partnership GP and certain of their respective trustees, directors, officers and equityholders are or will be persons who are not at arm’s length with Musee, Epic, the Asset Manager, Cranson Investments and/or the Agent, and may be paid for the performance of their obligations under various agreements described in this Offering Memorandum.

In addition, Anthony Heller, one of the Trustees, is a principal, director and officer of Musee, the owner and vendor of the Initial Musee Condominium Units, the borrower under the Acquisition Loan and the tenant under the Lease Guarantee. Anthony Heller and Robert Jacobs, a director and officer of the general partner of the General Partner, one of the limited partners of the General Partner and a director, officer and shareholder of the Asset Manager, are partners and investors in the Epic condominium project and, as such, will indirectly receive proceeds from the sale of the Initial Epic Condominium Units to the REIT.

Anthony Heller, one of the Trustees, is related to Robert Jacobs, a director and officer of the general partner of the General Partner, one of the limited partners of the General Partner and a director, officer and shareholder of the Asset Manager. Robert Jacobs will receive, indirectly, a portion of the Partnership Proceeds distributed to the General Partner and the Management Fee.

Certain individuals who are related to Anthony Heller, one of the Trustees, own a significant interest in each of the Agent and Cranson Investments. Devon Cranson, a principal, director and officer of the Agent and Cranson Investments, is a Trustee and a limited partner of the General Partner. The Agent will receive fees under the Agency Agreement and Cranson Investments will indirectly receive a portion of the Partnership Proceeds distributed to the General Partner. **As a result of these relationships, the REIT may be considered a “connected issuer” of the Agent, as such term is defined in National Instrument 33-105.** The Agent is acting as agent in connection with Offering on a “best efforts” basis, and will, in respect of its services and pursuant to the terms of the Agency Agreement, receive a selling fee equal to \$8.00 per Unit issued under the Offering. The decision to distribute the Units offered hereunder and the determination of the terms of the distribution were made through negotiations primarily among the Trustees, the Promoter and the Agent.

##### *Involvement in Other and Competing Activities*

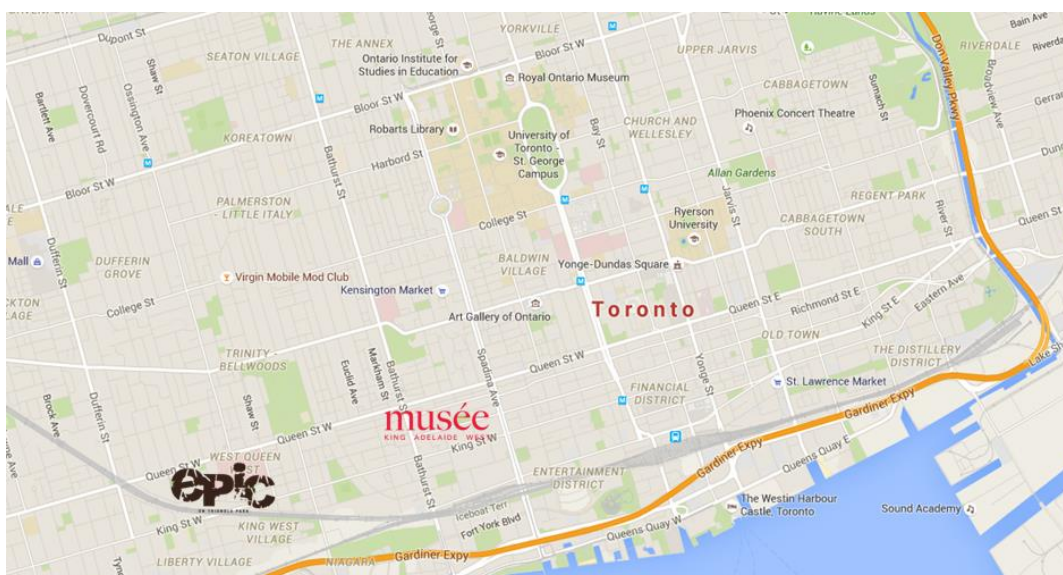
The Trustees, officers, directors and shareholders of the REIT, the Trust, the Partnership, the General Partner, the general partner of the General Partner, the Initial Acquisition Partnership and the Acquisition Partnership GP and their respective Affiliates and/or Associates are not now and will not be limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the REIT or the Partnership.

The Trustees, officers, directors and shareholders of the REIT, the Trust, the Partnership, the General Partner, the general partner of the General Partner, the Initial Acquisition Partnership and the Acquisition Partnership GP and their respective Affiliates and/or Associates may, from time to time, have interests in condominium developments and condominium units within the City of Toronto. These other developments and/or condominium units may, from time to time, compete with investments made, directly or indirectly, by the REIT or the Partnership.

#### **2.2 Our Business**

The REIT was primarily formed to acquire, own and operate the Condominium Units, which will initially be comprised of a portfolio of condominium units located in downtown Toronto, Ontario. It is anticipated that the Initial Condominium Units will include (i) up to 45 condominium units in Epic, located at 48 Abell Street, Toronto ON, and (ii) up to 80 condominium units in Musee, located at 525 Adelaide Street West, Toronto ON.





The REIT intends to acquire the Initial Condominium Units directly from the Developers at a discount to market prices and will finance the purchase with approximately \$28,110,000 in debt and \$15,140,000 in cash, assuming the acquisition of the maximum number of condominium units. The Asset Manager will be responsible to manage, lease and service the Condominium Units.

The purpose of the REIT is to capitalize on the anticipated appreciation of the Toronto housing market. The REIT will target condominiums as a subset of the market, as it believes that this subset provides the greatest potential for rental and capital appreciation due to a number of market factors, including low vacancy rates in the rental market, scarcity of developable land and population growth in the GTA. Through its operations, the REIT intends to provide investors with a passive method to participate in the condominium rental market.

The REIT believes that, when taking into account existing condominiums and condominium developments, as well as the land that is available for future condominium developments, there will not be enough condominium projects to meet the projected demand. This, in turn, is expected to result in an increase in both lease rates and the value of individual condominium units.

The REIT's goal is to deliver stable returns to investors by improving net operating income through limiting operating expenses. The REIT intends to achieve its financial objectives by optimizing its operations and expanding its portfolio through future acquisitions.

The Initial Acquisition Partnership has entered into the Epic Purchase Agreement to acquire the 15 Acquired Epic Units for an aggregate purchase price of \$4,112,500 and concurrently entered into the Initial Epic Acquisition Loan, pursuant to which it has loaned \$1,276,720 to Epic, which amount will be applied to the purchase price of such 15 Acquired Epic Units. The Initial Acquisition Partnership has entered into the Musee Purchase Agreement to acquire the 15 Acquired Musee Units for an aggregate purchase price of \$5,636,640 and concurrently entered into the Initial Musee Acquisition Loan, pursuant to which it has loaned \$2,014,824 to Musee, which amount will be applied to the purchase price of such 15 Acquired Musee Units. A description of certain information in respect of the Acquired Epic Units acquired and the Acquired Musee Units is set forth below:

| Project | Suite | SF  | # of Bedrooms | # of Bathrooms | Listing price as of May 28, 2016 | REIT Purchase Price |
|---------|-------|-----|---------------|----------------|----------------------------------|---------------------|
| Epic    | 602   | 515 | 1B+D          | 1              | \$275,000                        | \$257,500           |
| Epic    | 635   | 375 | 1B            | 1              | \$239,000                        | \$187,500           |
| Epic    | 1120  | 675 | 2B+D          | 2              | \$379,000                        | \$337,500           |
| Epic    | 842   | 375 | 1B            | 1              | \$245,000                        | \$187,500           |
| Epic    | 828   | 615 | 2B            | 2              | \$348,000                        | \$307,500           |
| Epic    | 845   | 375 | 1B            | 1              | \$245,000                        | \$187,500           |
| Epic    | 520   | 555 | 1B            | 1              | \$289,000                        | \$277,500           |

|       |      |     |      |   |           |           |
|-------|------|-----|------|---|-----------|-----------|
| Epic  | 931  | 615 | 2B   | 2 | \$349,000 | \$307,500 |
| Epic  | 1206 | 675 | 2B+D | 2 | \$381,000 | \$337,500 |
| Epic  | 1125 | 410 | 1B   | 1 | \$259,000 | \$205,000 |
| Epic  | 1126 | 410 | 1B   | 1 | \$259,000 | \$205,000 |
| Epic  | 101  | 675 | 3B   | 2 | \$419,000 | \$337,500 |
| Epic  | 1109 | 675 | 3B   | 2 | \$409,000 | \$337,500 |
| Epic  | PH03 | 605 | 2B   | 2 | \$419,000 | \$302,500 |
| Musee | 323  | 688 | 1B+D | 2 | \$426,900 | \$381,024 |
| Musee | 333  | 688 | 1B+D | 2 | \$426,900 | \$381,024 |
| Musee | 322  | 686 | 1B+D | 2 | \$426,900 | \$381,024 |
| Musee | 522  | 686 | 1B+D | 2 | \$427,900 | \$381,984 |
| Musee | 218  | 668 | 1B+D | 2 | \$420,900 | \$375,264 |
| Musee | 318  | 668 | 1B+D | 2 | \$415,900 | \$370,464 |
| Musee | 518  | 668 | 1B+D | 2 | \$416,900 | \$371,424 |
| Musee | 618  | 668 | 1B+D | 2 | \$417,900 | \$372,384 |
| Musee | 519  | 738 | 1B+D | 2 | \$416,900 | \$373,344 |
| Musee | 619  | 738 | 1B+D | 2 | \$417,900 | \$374,304 |
| Musee | 332  | 665 | 1B+D | 2 | \$417,900 | \$372,384 |
| Musee | 532  | 665 | 1B+D | 2 | \$418,900 | \$373,344 |
| Musee | 632  | 665 | 1B+D | 2 | \$419,900 | \$374,304 |
| Musee | 732  | 665 | 1B+D | 2 | \$420,900 | \$375,264 |
| Musee | 1132 | 665 | 1B+D | 2 | \$424,900 | \$379,104 |

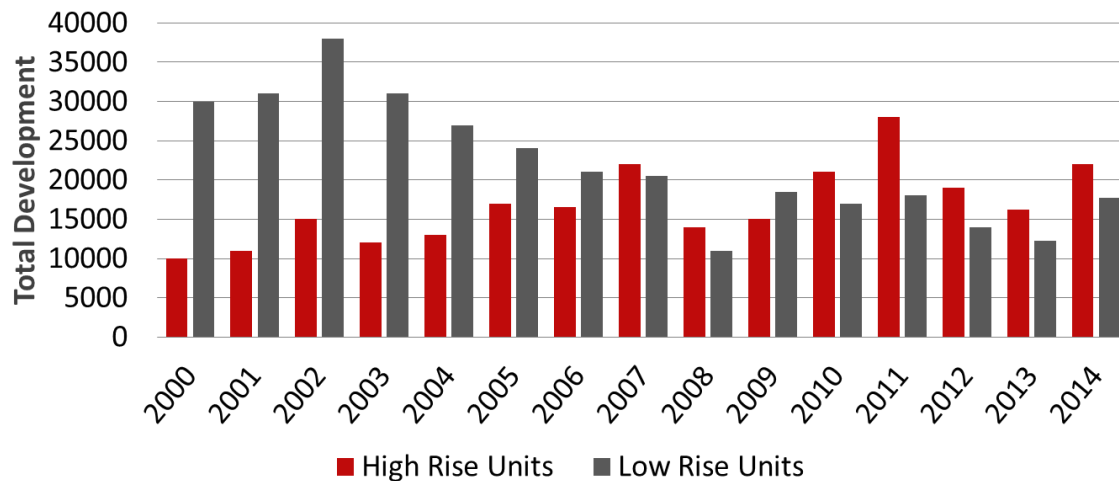
### 2.2.1 The GTA Condominium Market

The Toronto housing market has undergone drastic shifts over the past 15 years, which limited the supply of housing development available to residents due to a limitation on residential land development by the *Greenbelt Protection Act*, which protects over 2 million acres of land from development, while immigration and population growth have been steadily increasing the demand for housing in the GTA. This unmet demand has created a scarcity of housing in the market, putting upwards pressure on housing prices and causing appreciation in the overall housing market. (Sources: Greenbelt Act – Ontario Ministry of Municipal Affairs and Housing; Population Growth – Ontario Ministry of Finance, 2014; Scarcity of Land – RealNet Canada, 2015.)

#### *Factors Limiting the Supply of Housing*

In the early 2000's, demand for housing was largely met through single family housing development and an urban sprawl towards the Toronto suburbs. The introduction of the *Greenbelt Protection Act* in 2004 restricted over 2 million acres of land from development, limiting urban sprawl and spurring developers to build upwards as opposed to outwards.

#### Residential Unit Sales Mix – GTA

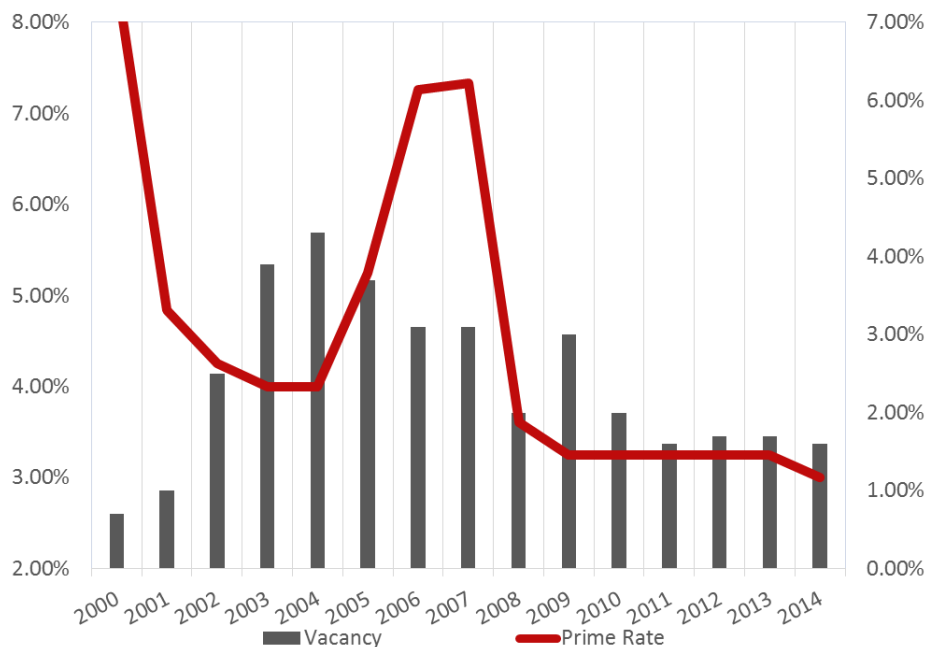


Source: RealNet Canada, 2015

Current new housing availability is limited relative to pre-2005, as high rise unit development does not cover the decrease in low rise development. The REIT believes that the number of condominium units in the GTA would have to increase by 230% over the next 30 years to meet projected demand.

Historically, rental vacancy rates during times of low interest rates hovered around 5% due to the ability to secure cheaper mortgage financing (Source: CMHC; Bank of Canada). In contrast, during high interest rate environments vacancy rates have historically decreased (Source: CMHC; Bank of Canada). However, despite the current low interest rate environment, vacancy has remained relatively unchanged and is on an overall downwards trend. This environment is created due to a lack of supply of affordable units available to potential purchasers.

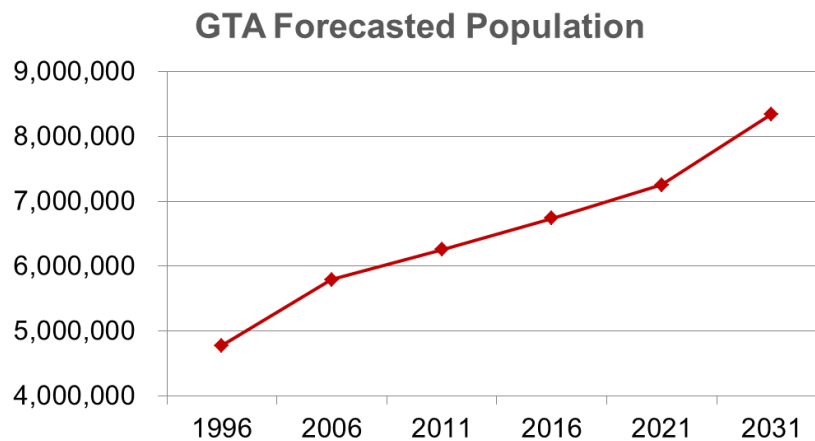
#### Vacancy vs. Interest Rates



Source: Bank of Canada, CMHC Rental Market Survey

#### *Factors Affecting the Demand for Condominiums*

Canada has an average of 250,000 new immigrants annually, of which approximately 85,000 new immigrants move to the GTA annually. (Sources: Canadian Immigration – Immigration Watch Canada, 2015; GTA Immigration – Ontario Ministry of Finance, 2014.) Management believes that between 900,000 and 1,000,000 new residential units will be required in the GTA over the next 20 years using current population growth projections.



Source: Ontario Ministry of Finance, 2014

In addition to the growing population in the GTA, there has also been a trend towards the urbanization of the downtown core. The factors influencing urbanization are as follows:

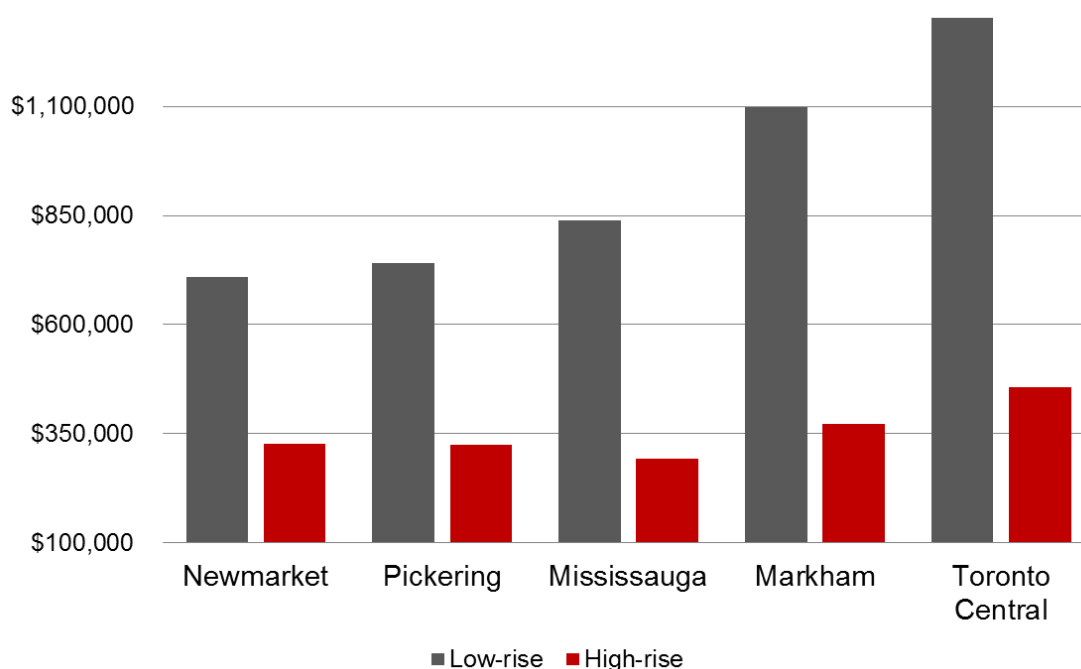
- The price of single family residences is now generally too expensive for first time home owners. The supply constraints created by the lack of land has caused the prices of homes in suburban locations to become unaffordable for many purchasers.
- There is a trend of young professionals wanting to live where they work. With a large financial market in Toronto, there is constant demand for housing located around the downtown core.
- Young professionals are getting married later in life, starting families later and subsequently moving to suburban locations later in life.

(Source: PWC Emerging Trends in Real Estate, 2015.)

#### *Price Gap: Urban vs. Suburban*

The REIT believes that housing generally becomes more affordable the further a house is geographically located from the downtown core, especially in a city with a large financial market. This statement holds true in the single family housing market where it becomes subsequently cheaper the further one is from Toronto. However, as demonstrated in the graph below, the prices for high-rise units such as condominiums remain relatively similar across different areas in the GTA.

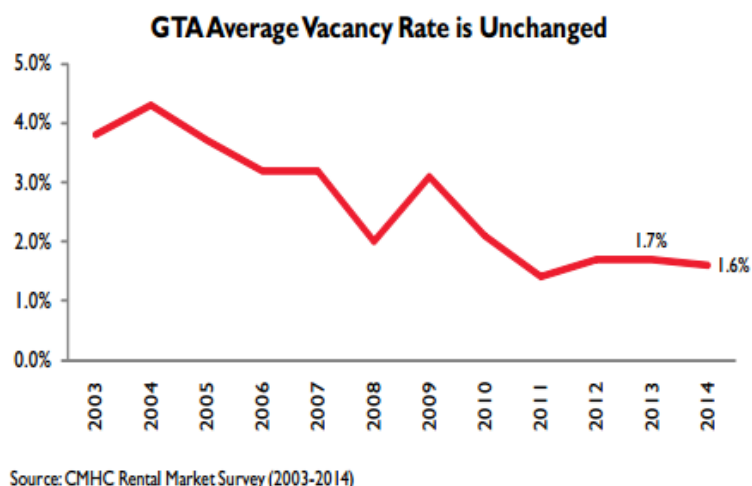
### Price Gap: Low-rise vs. High-Rise



Source: Toronto Real Estate Board, 2015

### *Rental Market in Toronto*

Vacancy rates for rental housing in the GTA have trended downwards for the past 10 years and have remained below 2% for the past 4 years. This situation is magnified in the downtown core as vacancy rates have declined to 0.5% in 2014 (Source: CMHC Rental Market Survey, 2014.) and average rents have increased 12% over last year.



### **2.2.2 The Initial Condominium Units**

Prior to the Initial Closing, the REIT had no assets or liabilities. The REIT has used the Offering Proceeds received to date to pay the expenses of the Offering and make the Initial Acquisition Loans, which will be applied to the acquisition of the Acquired Epic Units and the Acquired Musee Units. It is anticipated that the acquisition of the Acquired Epic Units will close in August, 2016 and the acquisition of the Acquired Musee Units will close in March, 2017.

Future funds raised under the Offering will be used to pay for the Offering expenses, make additional Acquisition Loans and fund the acquisition of the Initial Epic Condominium Units and the Initial Musee Condominium Units. As of the date of this Offering Memorandum, the Initial Acquisition Partnership has advanced \$1,276,720 to Epic under the Initial Epic Acquisition Loan and entered into the Epic Purchase Agreement to acquire the 15 Acquired Epic

Units for a price of \$500 per square foot, representing a discount of 9.75% to the listed price of \$554 per square foot as of January 26, 2016. See “Item 2.2.3 – The Acquisition Loans”. The Epic condominium units, located at 48 Abell Street, are an average of 680 square feet. The unit mix for Epic will consist of primarily one bedroom units and one bedroom + den units, and will also include two bedroom units and three bedroom units. The Initial Acquisition Partnership will also have the right to acquire an additional 30 condominium units in Epic on the same terms as the Acquired Epic Units.

As of the date of this Offering Memorandum, the Initial Acquisition Partnership has advanced \$2,014,824 to Musee under the Initial Musee Acquisition Loan and entered into the Musee Purchase Agreement to acquire 15 of the Initial Musee Condominium Units for a price of \$551 per square foot, representing a discount of 10.7% to the listed price of \$618 per square foot as of May 28, 2016. See “Item 2.2.3 – The Acquisition Loans”. The Musee condominium units, located at 525 Adelaide Street West, are an average of 650 square feet. All of the Musee units are one bedroom + den units. The Initial Acquisition Partnership will also have the right to acquire an additional 65 condominium units in Musee on the same terms as the Acquired Musee Units.

The REIT intends to acquire additional condominium units from time to time in the GTA. Upon acquiring the condominium units, the Asset Manager will be responsible to lease-up the units and service tenants pursuant to the terms of the Asset Management Agreement.

### **2.2.3 The Acquisition Loans**

The Initial Acquisition Partnership has made the Initial Epic Acquisition Loan to Epic in the amount of \$1,276,720, representing approximately 31% of the purchase price of the 15 Acquired Epic Units, with interest payable at a rate of 0.5% per annum. The Initial Acquisition Partnership has made the Initial Musee Acquisition Loan to Musee in the amount of \$2,014,824, representing approximately 36% of the purchase price of the 15 Acquired Musee Units, with interest payable at a rate of 0.5% per annum. Each of the Initial Acquisition Loans has a term of 18 months and, if the acquisition of the applicable condominium units has not closed on or prior to the end of such period and such period has not been extended by mutual agreement between the Initial Acquisition Partnership and Epic or Musee, as applicable, or if the Epic Purchase Agreement or Musee Purchase Agreement has been terminated, as applicable, the applicable Acquisition Loan will be repaid to the Initial Acquisition Partnership. The Initial Acquisition Partnership has the right to terminate the Epic Purchase Agreement and Musee Purchase Agreement. Each of the Initial Acquisition Loans may be repaid in cash or, at the option of the Initial Acquisition Partnership, by applying the Initial Acquisition Loan and any accrued and unpaid interest, to the purchase price for the Acquired Epic Units or the Acquired Musee Units, as applicable. It is expected that any further Acquisition Loans will have terms that are substantially similar to those of the Initial Acquisition Loans.

Anthony Heller has provided a personal guarantee in respect of the Initial Acquisition Loans and will provide a personal guarantee in respect of any future Acquisition Loans. It is anticipated that the Initial Acquisition Partnership will not exercise its termination right in respect of the Epic Purchase Agreement or the Musee Purchase Agreement and will acquire the Acquired Epic Units and Acquired Musee Units, at which time the principal owing under the Initial Acquisition Loans will be applied to the purchase price for such Condominium Units.

### **2.2.4 The Lease Guarantee**

On Closing, Musee will enter into the Lease Guarantee in favour of the Initial Acquisition Partnership pursuant to which Musee will agree, commencing on closing of the acquisition of the Initial Musee Condominium Units, to make payments to the Initial Acquisition Partnership in an annual amount of up to 6% of the purchase price per Initial Musee Condominium Unit (subject to the reduction described in (i) below), which amount shall be paid in 12 equal monthly payments, until the earlier of (i) the date on which such Condominium Unit is leased to a third party and the payment of annual rent of at least 6% of the purchase price of the applicable Initial Musee Condominium Unit commences under such lease (and, if the Initial Musee Condominium Unit is leased for a lesser amount, the payment under the Lease Guarantee will be reduced by the amount of such rent), and (ii) the one year anniversary of the closing of the acquisition of such Condominium Unit by the Initial Acquisition Partnership. As a result of the Lease Guarantee, until the applicable Condominium Unit has been leased to a third party and the payment of annual rent equal to at least 6% of the purchase price for the applicable Condominium Unit has commenced under such lease, Musee has effectively guaranteed that the Initial Acquisition Partnership will achieve payments in respect of such property as if such property were occupied and lease payments were being paid by a third party tenant. As such, the “lease up” risk in respect of the Initial Musee Condominium Units will not be borne by the REIT for the first year following the acquisition of the Initial Musee Condominium Units.

## 2.3 Development of our Business

As the REIT was formed on January 20, 2016 in connection with the Offering, it has not yet conducted any substantive business other than making the Initial Acquisition Loans and entering into the Purchase Agreements as described in this Offering Memorandum.

## 2.4 Long Term Objectives

The long term objective of the REIT is to grow the size of the REIT's Condominium Units portfolio through the acquisition of condominium units in the GTA. By expanding the portfolio of Condominium Units, it is expected that the REIT will help create operating efficiencies, decrease property specific risk, and improve the attractiveness of the REIT's portfolio of Condominium Units to the capital markets and to potential buyers.

The REIT expects to capitalize on its relationship with Plazacorp Investments Limited, a significant developer of residential condominiums in the GTA, and its knowledge of the condominium market, to take advantage of buying opportunities as they arise from time to time. In addition, the REIT intends to use Partnership Units as consideration for the acquisition of property from vendors from time to time.

Within the next five years, the REIT will be looking to effect a Liquidity Event. The ability of the REIT to achieve this strategy will be dependent on a number of factors, including without limitation market conditions at the time of the proposed Liquidity Event. As such, there are no guarantees that a Liquidity Event will occur. See "Risk Factors". The REIT expects that there will be limited liquidity until such time that a Liquidity Event occurs.

| <b>What we must do and how we will do it</b>                      | <b>Target completion date or, if not known, number of months to complete</b> | <b>Our estimated cost to complete</b>  |
|---|--|--|
| Acquire the Initial Condominium Units                             | 12 months  | \$43,250,000 (including debt)  |
| Raise Additional Capital and Acquire additional Condominium Units | 3 months to 60 months  | Up to \$250 million (including debt) for acquisition costs of additional condominium units |
| Achieve a Liquidity Event   | 60 months  | Estimated at 2% of Gross Asset Value   |

## 2.5 Short Term Objectives

Over the next 12 months, the REIT's objectives are to make the Acquisition Loans, arrange for mortgage financing in connection with the acquisition of the Initial Condominium Units (which may include alternative forms of financing, including interest-only mortgages), acquire the Initial Epic Condominium Units, acquire the Initial Musee Condominium Units and lease the Initial Condominium Units to third parties at market rates. Upon acquiring the Initial Condominium Units, the Asset Manager will be responsible to lease-up the units and service tenants pursuant to the terms of the Asset Management Agreement.

The REIT will also look for acquisition opportunities of condominium units that meet the REIT's criteria.

| <b>What we must do and how we will do it<sup>(1)</sup></b>                               | <b>Target completion date or, if not known, number of months to complete<sup>(1)</sup></b> | <b>Our estimated cost to complete<sup>(1)</sup></b> |
|--|--|---|
| Make the Initial Acquisition Loans   | June 6, 2016   | \$3,291,545   |
| Arrange for Mortgage Financing for the acquisition of the Initial Epic Condominium Units | August 30, 2016  | \$85,000  |
| Acquire the Initial Epic Condominium Units   | September 30, 2016   | \$13,500,000 (including debt)                       |
| Lease the Initial Epic Condominium Units   | September 30, 2016   | \$75,000  |
| Arrange for Mortgage Financing for the acquisition of the Musee                          | February 27, 2017  | \$185,000   |

| <b>What we must do and how we will do it<sup>(1)</sup></b>        | <b>Target completion date or, if not known, number of months to complete<sup>(1)</sup></b> | <b>Our estimated cost to complete<sup>(1)</sup></b>  |
|---|--|--|
| Condominium Units   |  |  |
| Acquire the Initial Musee Condominium Units                       | March 30, 2017   | \$29,375,000 (including debt)  |
| Lease the Initial Musee Condominium Units                         | April 30, 2017   | \$135,000  |
| Raise Additional Capital and Acquire Additional Condominium Units | 3 months to 12 months  | 10% of gross proceeds of equity required (plus acquisition cost of the additional condominium units) |

**Notes:**

(1) Assumes Maximum Offering.

## **2.6 Insufficient Funds**

The Offering Proceeds may not be sufficient to accomplish all of the proposed investment objectives of the REIT, the Partnership and the Initial Acquisition Partnership. The Initial Acquisition Partnership will pursue such forms of financing that it determines is appropriate for the Initial Acquisition Partnership, including both conventional mortgage financing and alternative forms of financing (including interest-only mortgages). There is no assurance that either form of financing will be available. See “Item 8 – Risk Factors”.

## **2.7 Material Agreements**

Except for agreements entered into or to be entered into in the ordinary course of business, the only agreements that are or will be material to the REIT and that will be entered into in connection with the Offering are the:

- (a) Declaration of Trust described under “Item 2.1.1 – The REIT”;
- (b) Limited Partnership Agreement described under “Item 2.1.2 – The Partnership”;
- (c) Initial Acquisition Loans described under “Item 2.2.3 – The Acquisition Loans”;
- (d) The Lease Guarantee described under “Item 2.2.4 – The Lease Guarantee”;
- (e) The Asset Management Agreement described under “Item 3.5 – Asset Management Agreement”;
- (f) Agency Agreement described under “Item 8 – Compensation Paid to Sellers and Finders”; and
- (g) Purchase agreements in connection with the acquisition of the Initial Musee Condominium Units and the Initial Epic Condominium Units.

## **ITEM 3 – TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL SECURITYHOLDERS**

### **3.1 Compensation and Securities Held**

The following table sets out information about each of the Trustees, the Promoter, the directors and officers of the General Partner and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the REIT:



| Name and Municipality of Principal Residence     | Position Held <sup>(1)</sup>                                      | Compensation Anticipated to be Paid by the REIT in the Current Financial Year | Number, Type and Percentage of Securities of the REIT to be held after completion of Minimum Offering <sup>(2)</sup> | Number, Type and Percentage of Securities of the REIT to be held after completion of Maximum Offering <sup>(2)</sup> |
|--|---|---|--|--|
| <b>Devon Cranson</b><br>Toronto                  | Trustee of REIT and Director and Officer of the General Partner   | NIL <sup>(3)</sup>  | 0 Units  | 250 Units  |
| <b>Anthony Heller</b><br>Toronto                 | Trustee   | NIL   | 5,000 Units  | 5,000 Units  |
| <b>Shlomo Marder</b><br>Toronto                  | Trustee   | NIL   | 6,930 Units <sup>(4)</sup>   | 6,930 Units <sup>(4)</sup>   |
| <b>Robert Jacobs</b><br>Toronto                  | Director and Officer of the General Partner and the Asset Manager | NIL <sup>(5)</sup>  | 5,000 Units  | 5,000 Units  |
| <b>Towncorp Asset Management Inc.</b><br>Toronto | Asset Manager/Promoter  | Management Fee  | 0 Units <sup>(6)</sup>   | 0 Units <sup>(6)</sup>   |

**Notes:**

- (1) Each of the above has held such positions since formation of the REIT.
- (2) None of the above Trustees or the directors and officers of the Promoter currently hold any Units of the REIT. It is anticipated that the Trustees and the Promoter, or their Affiliates, Associates and/or certain other related persons, will acquire the number of Units indicated pursuant to the Offering. The number of Units indicated is an estimate only. There are no assurances that such persons will acquire this number of Units.
- (3) Devon Cranson is a principal, director and officer of the Agent and Cranson Investments. The Agent will be entitled to compensation pursuant to the Agency Agreement. See “Item 7.1 – Selling Commissions”. As a limited partner of the General Partner, Cranson Investments will indirectly receive distributions payable to the General Partner. See “Item 2.1.4 – Conflicts of Interests”.
- (4) Shlomo Marder is a Trustee of the REIT. It is anticipated that Shlomo Marder or his Affiliates, Associates and/or certain other related persons, will acquire the number of Units indicated in the table pursuant to the Offering.
- (5) As the limited partners of the General Partner, Robert Jacobs and Cranson Investments will indirectly receive distributions payable to the General Partner. As a shareholder of the Asset Manager, Robert Jacobs will indirectly receive the Management Fee. See “Item 2.1.4 – Conflicts of Interests”.
- (6) Robert Jacobs is a shareholder, director and officer of the Promoter. It is anticipated that Robert Jacobs or his Affiliates, Associates and/or certain other related persons, will acquire the number of Units indicated in the table pursuant to the Offering.

### 3.2 Management Experience

The following discloses the principal occupations of the Trustees and management of the General Partner and their previous experience:

| Name   | Principal occupations and related experience   |
|--|--|
| Devon Cranson, Trustee and Director and Officer of the General Partner | Devon Cranson, the Agent’s principal, has been involved with financings since 2001, and has expertise in all aspects of commercial financing, mergers and acquisitions and securities. Mr. Cranson has advised over 100 corporate clients in connection with numerous debt and equity financings and M&A transactions. Prior to founding the Agent, Devon Cranson worked in the commercial markets division of a top-tier Canadian chartered bank where he was involved in numerous real estate financings. Mr. Cranson holds a Bachelor of Commerce from John Molson School of Business at Concordia University and is a Certified Management Accountant and an Accredited Mortgage Professional. |

| <b>Name</b>  | <b>Principal occupations and related experience</b>   |
|--|---|
| Anthony Heller, Trustee                                    | Anthony Heller is the President, director and principal of Plazacorp, an active high-rise residential real estate developer in Toronto. Mr. Heller formed Plazacorp in 1981 and has been in the real estate business for the past 40 years. Mr. Heller is responsible for the overall management of Plazacorp. Over the past 15 years, Plazacorp has completed or undertaken over \$3 billion in real estate development, representing approximately 10,000 residential units. Plazacorp currently has over 1,600 units under construction. In 2011, Plazacorp was the top developer in Toronto (by sales volume).  |
| Shlomo Marder, Trustee                                     | Shlomo Marder has served as the Chief Financial Officer and Senior Vice-President of Nortown Electrical Contactors Associates Limited since 1992. Nortown is one of Toronto's largest electrical contractors. Mr. Marder serves as a trustee of Yonge-Yorkville-Cumberland Fund.  |
| Robert Jacobs, Director and Officer of the General Partner | Robert Jacobs was a member of Credit Suisse First Boston's ("CSFB") Principal Transactions Group. Based in NYC, the Principal Transactions Group ("PTG") was the largest bank fund of its kind, with US\$24 billion under management. PTG's mandate encompassed all areas of real-estate investing and lending activities, including the acquisition and sale of assets, joint ventures with both public and private real estate companies, loan origination and the first CMBS mortgage pass-through transactions. Robert was involved in the detailed analysis of both public and private real estate companies' financial and operating statements, as well as in-depth analysis of the value of their underlying assets. While at CSFB, he participated in the underwriting, origination and securitization of over US\$1 billion in assets. Mr. Jacobs, indirectly through Towncorp Developments Inc., owns and is involved in the development of commercial and residential real-estate in and around the GTA. Mr. Jacobs has a Bachelors of Arts in Economics from the University of Maryland. |

### **3.3 Penalties, Sanctions and Bankruptcy**

No penalty or sanction has been in effect during the last 10 years, nor has any cease trade order been in effect for a period of more than 30 consecutive days during the past 10 years, against any of the Trustees, directors, executive officers or control persons of the REIT, the General Partner or the Partnership, or any other issuer with which they have acted as director, executive officer or control person.

No declaration of declared bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or general partner to hold assets, that has been in effect during the last 10 years with regard to any director, executive officer or control person of the REIT, the General Partner or the Partnership, or any other issuer which they have acted as director, executive officer or control person.

### **3.4 Loans**

The Initial Acquisition Partnership will make the Acquisition Loan to Musee. Anthony Heller, one of the Trustees of the REIT, is a director, officer and principal of Musee. See "Item 2.1.4 – Conflicts of Interests".

### **3.5 Asset Management Agreement**

Pursuant to the Asset Management Agreement, the Asset Manager will be the asset manager of the Condominium Units indirectly owned by the REIT from time to time. Pursuant to the Asset Management Agreement, the Asset Manager will provide various services to the REIT and its Affiliates, including among others: property management services; monitor the financial performance of the REIT and its affiliates; advise on strategic matters, including potential acquisitions, dispositions and financings; identify, evaluate, recommend and assist in the structuring of acquisition, disposition, and other transactions; advise and assist with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors; and any additional services as may from time to time be agreed to in writing by the Asset Manager and the REIT. The Asset Manager will not be responsible for any leasing agent and/or brokerage fees (including in connection with the leasing or sale of Condominium Units).

The Asset Manager will receive the Management Fee, calculated and paid on a quarterly basis, equal to an annual amount equal to 0.5% of the Gross Asset Value. The REIT may defer the payment of all or a portion of the Management Fee at its discretion in accordance with the terms of the Asset Management Agreement.

## **ITEM 4 – CAPITAL STRUCTURE**

### **4.1 REIT Capital**

The following sets out the capital structure of the REIT as at the dates indicated:

| <b>Description of Security</b> | <b>Number Authorized to be Issued</b> | <b>Price per Security</b> | <b>Number Outstanding as at June 6, 2016</b> | <b>Number Outstanding after Minimum Offering</b> | <b>Number Outstanding after Maximum Offering</b> |
|--------------------------------|---------------------------------------|---------------------------|--|--|--|
| REIT Units <sup>(1)</sup>      | Unlimited                             | \$100                     | 38,325                                       | 50,000 <sup>(2)</sup>                            | 180,000 <sup>(3)</sup>                           |

**Notes:**

- (1) The authorized capital of the REIT currently consists of one class of Units.
- (2) Assuming Minimum Offering hereunder of Units for gross proceeds of \$5,000,000. Minimum Offering was waived by the Trustees.
- (3) Assuming Maximum Offering hereunder of Units for gross proceeds of \$18,000,000.

## **ITEM 5 – DESCRIPTION OF SECURITIES OFFERED**

### **5.1 Terms of Securities**

The Declaration of Trust provides for the issuance of an unlimited number of Units. Each Unit represents a Unitholder's proportionate undivided ownership interest in the REIT. The capital of the REIT will consist of one class of Units. The initial Unitholder of the REIT is Mark Spiro, who subscribed for one Unit for \$10.00. No fractional Units will be issued.

The material terms, rights and obligations attaching to the Units are described under "Item 2.1.1 – The REIT".

### **5.2 Subscription Procedure**

A purchaser may subscribe for Units by delivering the following to the Agent:

- (a) A completed Subscription Agreement, in a form acceptable to the Trustees in their sole discretion; and
- (b) A wire transfer, bank draft or certified cheque deposited to the bank account set out in the Subscription Agreement in the amount of the subscription price.

**Each Trustee will promptly notify the REIT's legal counsel of all subscriptions received by it. Where required by law, the subscription funds will be held in trust pending Closing for two Business Days (and in any event until midnight on the 2nd Business Day after the purchaser signs and emails the Subscription Agreement and wire transfers or otherwise pays the subscription price for the Units). There may be one or more closings under this Offering Memorandum.**

The Trustees reserve the right to accept or reject subscriptions in whole or in part at their discretion and to close subscription books at any time without notice. Any subscription funds for subscriptions that the Trustees do not accept will be returned promptly after the Trustees have determined not to accept the funds. No interest or any other form of return will be paid to a purchaser on subscription funds delivered to the Agent on subscriptions that are refused by the Trustees.

It is expected that the Closing will occur on or about July 22, 2016 (or one or more such earlier or later dates as may be approved by the Trustees in their sole discretion). If completion of the Minimum Offering occurs or is waived, but the Maximum Offering has not been reached, Additional Closings may be held on a continuous basis until the Maximum Offering is achieved. The Trustees have waived the Minimum Offering amount and may, in their sole discretion, waive the Maximum Offering amount at any time.

The Trustees will maintain and update the Unitholder register to record the number of fully paid Units held by each subscriber as the registered owner, provided the subscription price has been paid in full and the Trustees have accepted the subscription.

Units are being sold in all of the Provinces of Canada under available exemptions from the prospectus requirements under National Instrument 45-106 of the Canadian Securities Administrators (“**NI 45-106**”). Subscribers will be required to make certain representations in the Subscription Agreement and the REIT will rely on such representations to establish the availability of the exemptions from the prospectus requirements. Investors who are Accredited Investors solely on the basis that they have net assets of at least \$5,000,000 must also represent to the REIT (and may be required to provide additional evidence at the request of the REIT to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The REIT will also be offering Units in reliance on the Offering Memorandum Exemption (as provided in NI 45-106).

### **5.3 Conditions Precedent to Completion of Offering**

The completion of the Offering is conditional on the following items being completed to the satisfaction of, or waived by, the REIT, in each case in its sole discretion:

- (a) Subscription Agreements received shall have been accepted by the REIT;
- (b) the Subscription Agreements for each subscriber that have been accepted by the REIT shall be in full force and effect, completed and duly executed;
- (c) duly completed and executed copies of the applicable prospectus exemption certificate and risk acknowledgment in the form(s) attached to the Subscription Agreement shall have been received from each subscriber;
- (d) a wire transfer, bank draft or certified cheque made payable on or before the Closing Date in same day freely transferable Canadian funds at par in Toronto, Ontario to “Cranson Capital Securities Inc.” representing the purchase price payable by each prospective investor shall have been received by the REIT;
- (e) the representations and warranties of each of the subscribers contained in the respective Subscription Agreement, including in the applicable prospectus exemption certificate and risk acknowledgment, shall be true and correct;
- (f) the issue and sale and delivery of the Units under this Offering shall be exempt from the requirements to file a prospectus or any similar document under applicable securities laws relating to the purchase and sale of the Units, and all orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or any similar document shall have been received;
- (g) the REIT shall have received and accepted subscriptions in the aggregate of at least \$5,000,000; and
- (h) the REIT shall have received such other documents as it may reasonably request.

### **5.4 Additional Offerings**

The REIT may complete Additional Closings or additional offerings of Units at such prices and at such time as determined by the Trustees of the REIT in their sole discretion. The funds raised from such Additional Closings or additional offerings of Units will be used at the sole discretion of the Trustees.

## **ITEM 6 – INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

### **6.1 Summary of Certain Canadian Federal Income Tax Considerations**

The following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units to a holder that acquires such Units pursuant to this Offering. This summary is applicable to a Unitholder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, deals at arm’s length with and is not affiliated with the REIT and holds any Units as capital property. Generally, Units will be considered to be capital

property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Unitholder (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules) or a “specified financial institution”, (ii) an interest in which is a “tax shelter investment”, (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the “functional currency” reporting rules in the Tax Act, or (iv) that has entered into a “derivative forward agreement”, with respect to the Unitholder’s Units (in each case as defined in the Tax Act). Such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, the current, published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) and a certificate as to certain factual matters from a Trustee of the REIT. This summary takes into account all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) (the “Minister”) prior to the date hereof (the “**Proposed Amendments**”). This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units, and, except for the Proposed Amendments, does not take into account or anticipate any changes in law or administrative policies and assessing practices, whether by legislative, governmental or judicial decision or action, nor does it take into account any other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. Except as expressly noted, this summary assumes that the Proposed Amendments will be enacted as proposed but no assurance can be given that this will be the case.

**The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the particular circumstances of the holder thereof, including the province or provinces in which the Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective Unitholder. Consequently, prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Units based on their particular circumstances.**

#### *Status of the REIT*

This summary is based on the assumption that the REIT will qualify as a “mutual fund trust” (as defined in the Tax Act) on completion of the Offering of Units and will elect to be deemed to be a mutual fund trust from the date it was established. The REIT intends to ensure that it will meet the requirements necessary for it to qualify as a mutual fund trust and to file the necessary election so that the REIT will qualify as a mutual fund trust throughout its first taxation year. If the REIT were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

The Tax Act contains rules relating to the federal income taxation of publicly-traded trusts (such as income trusts and real estate investment trusts) and partnerships and their investors (the “**SIFT rules**”). The SIFT rules do not apply to trusts the units of which are not listed or traded on a stock exchange or other public market. For these purposes a public market includes any trading system or other organized facility through which securities that are qualified for public distribution may be exchanged. The balance of this summary assumes that the Units will not be listed or traded on a stock exchange or public market. If the SIFT rules were to apply, the income tax considerations described below would be materially and adversely different.

#### *Taxation of the REIT*

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The REIT’s income will include income or loss (including net realized taxable capital gains or allowable capital losses) of the Partnership that is allocated to the REIT in the year.

The REIT may deduct from its income for a taxation year amounts which are paid or become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to a Unitholder in the year by the REIT or if a Unitholder is entitled in the year to enforce payment of the amount. The REIT will make payable to Unitholders each year sufficient amounts such that the REIT generally will not be liable to pay tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation

year, the REIT intends to make one or more in-kind distributions in that year in the form of additional Units. Income of the REIT payable in a taxation year of the REIT to the Unitholders in the form of additional Units will generally be deductible to the REIT in computing its income for that year.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the “**capital gains refund**”). The capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Unitholder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as income or taxable capital gains, as the case may be) and will be deductible by the REIT in computing its income.

#### *Taxation of the Partnership*

This summary assumes that the Partnership will not be subject to the SIFT Rules. If the SIFT rules were to apply, the income tax considerations described below would be materially and adversely different.

The Partnership will not be subject to tax under the Tax Act. The REIT will be required to include in computing its income its share of the income or loss of the Partnership for its fiscal year ending in the REIT’s taxation year, whether or not any such income is distributed to the REIT in the taxation year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnership deductions will be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income and available capital cost allowances. The income (including net realized taxable capital gains) or loss of the Partnership, including income or loss allocated to the Partnership from an Acquisition Partnership, for a fiscal year will be allocated to the REIT on the basis of its share of such income or loss, subject to the detailed rules in the Tax Act in that regard. Income or losses allocated to the REIT by the Partnership will retain their character (for example, as taxable capital gains). The ability of the Partnership to allocate losses to the REIT may be limited by the “at-risk” rules in the Tax Act.

#### *Taxation of Unitholders*

##### *Distributions*

A Unitholder generally will be required to include in income for a particular taxation year the portion of the net income of the REIT for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether such portion is received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the REIT, such portion of its net realized taxable capital gains as is paid or payable to a Unitholder will retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Unitholder in such year (otherwise than as proceeds of disposition of the Units) generally will not be included in the Unitholder’s income for the year. However, any such other amount will reduce the adjusted cost base of the Units held by the Unitholder.

To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be zero.

##### *Dispositions of Units*

On the disposition or deemed disposition of a Unit (including on a redemption of the Unit), the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds

of disposition will not include an amount that is otherwise required to be included in the Unitholder's income as described herein.

The adjusted cost base to a Unitholder of a Unit generally will include all amounts paid by the Unitholder for the Unit subject to certain adjustments and may be reduced by distributions made by the REIT to a Unitholder as described above. The cost of additional Units received in lieu of a cash distribution generally will be the amount of income of the REIT distributed by the issuance of such Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that time.

A redemption of Units in consideration for cash, notes, or other assets of the REIT, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such notes or other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Unitholder. Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gains realized by the REIT in connection with the distribution of property *in specie* on the redemption of Units has been designated by the REIT to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a Unitholder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

#### *Taxation of Capital Gains and Capital Losses*

One-half of any capital gains realized by a holder on a disposition or deemed disposition of Units and the amount of any net realized taxable capital gains designated by the REIT in respect of a Unitholder will be included in the holder's income as a taxable capital gain. One-half of any capital loss realized by a holder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains, subject to and in accordance with the provisions of the Tax Act.

#### *Special Tax on Certain Corporations*

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) is liable to pay an additional refundable tax on investment income, which generally includes, among other things, interest income and capital gains.

#### *Liability for Alternative Minimum Tax*

In general terms, net income of the REIT paid or payable to a Unitholder who is an individual or certain trusts that is designated as net realized taxable capital gains and capital gains realized by a holder on a disposition of Units may increase the holder's liability for alternative minimum tax.

### **6.1.1 Eligibility for Investment**

Based on the current provisions of the Tax Act, provided that the REIT qualifies at all times as a "mutual fund trust" (as defined in the Tax Act), the Units will be qualified investments for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts ("TFSAs") (all as defined in the Tax Act). Provided that the REIT meets the prescribed conditions required in order for the REIT to qualify as a mutual fund trust (including having at least 150 Unitholders) prior to March 30, 2017, the REIT will be entitled to elect to be deemed to be a mutual fund trust from the date it is established. It is the REIT's intention that such election will be made and that the REIT will thereafter continuously qualify as a mutual fund trust at all relevant times.

Notwithstanding the foregoing, if the Units are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Exempt Plan, as the case may be, (i) deals at arm's length with the REIT for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the REIT. Generally, a holder or annuitant will have a significant interest in the REIT if the holder or annuitant and/or persons not dealing at arm's length with the holder or annuitant own, directly or indirectly, 10% or more of the fair market value of the Units. In addition, Units will not be a "prohibited investment" if the Units are "excluded property" (as defined in the Tax Act) for trusts

governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Units in a TFSA, RRSP or RRIF are advised to consult their personal tax advisors.

The property received as a result of an *in specie* redemption of Units by the REIT may not be qualified investments for Plans and may be prohibited investments for RRSP, RRIFs and TFSAs, which could give rise to adverse consequences to the Plan or the annuitant thereunder. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Prospective purchasers that intend to hold Units in a Plan are advised to consult their own tax advisors.

## **ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS**

### **7.1 Selling Commissions**

The decision to distribute the Units and the determination of the structure and pricing and other terms and conditions of the distribution were made by the Trustees. The initial subscription price for Units is \$100 per Unit. The Units will be offered for sale by the Agent pursuant to the Agency Agreement.

Pursuant to the terms of the Agency Agreement, the Agent will offer for sale and distribute Units as agent for the REIT in accordance with applicable securities laws, on a “best efforts” basis, with the option to retain sub-agents to assist in its marketing activities, with a view to obtaining subscriptions for Units. In consideration for its services (and those of any sub-agents retained by the Agent), the REIT will pay the Agent a fee equal to \$8.00 per Unit issued under the Offering.

The sales commissions payable under the Offering in connection with the sale of Units will be payable from the gross proceeds of the Offering. The maximum amount of sales commissions payable under the Minimum Offering will be \$400,000 and under the Maximum Offering will be \$1,440,000. The selling commissions and fees will be an expense of the REIT and its Affiliates. To date, \$306,600 selling commissions and fees have been paid by the REIT and its Affiliates.

No sales commission will be payable in jurisdictions where the payment of a commission is prohibited by securities legislation.

### **7.2 Trustee Fee**

The Trustees will not be paid a fee for their services as trustees of the REIT.

### **7.3 General Partner Allocation**

The General Partner will share in profits of the Partnership by receiving a portion of the Partnership Proceeds. In particular, the Partnership will make distributions of its Partnership Proceeds as follows:

- (a) first, as to 0.001%, to the General Partner;
- (b) second, as to 100%, to the limited partners of the Partnership, until the limited partners have received an aggregate amount equal to the sum of (i) the Invested Capital and (ii) a cumulative preferred return equal to 6% per annum (calculated on the basis of a 365 day year) on the Invested Capital calculated from and including the date on which the Invested Capital (or, if applicable, any portion thereof) was received by the Partnership from the limited partners, to but excluding the relevant date or dates of distribution, which return shall accrue from day to day and shall be calculated on the basis of the number of days actually elapsed in such period;
- (c) third, as to 100%, to the General Partner, until such time as the General Partner has received a cumulative preferred return equal to 2% per annum (calculated on the basis of a 365 day year) on the Invested Capital calculated from and including the date on which the Invested Capital (or, if applicable, any portion thereof) was received by the Partnership, to but excluding the relevant date or dates of distribution, which return shall accrue from day to day and shall be calculated on the basis of the number of days actually elapsed in such period (which amount, for greater certainty, will equal 25% of the aggregate of the cumulative preferred return under clause (b) and this paragraph (c)); and
- (d) thereafter, as to 75%, to the limited partners of the Partnership and, as to 25%, to the General Partner.

See “Item 2.1.2 – The Partnership”.



## 7.4 Operating Expenses

The REIT will pay for all expenses incurred in connection with its operation and administration including, without limitation: the payment of external accounting and audit fees, legal fees, insurance premiums, the sales commissions relating to the Offering and other fees and expenses of its administration, all Unitholder communication expenses, the cost of maintaining the REIT's existence, regulatory fees and expenses and bank service fees.

Each of the Partnership and the Initial Acquisition Partnership shall pay for its own expenses incurred in connection with its operation and administration, including without limitation: the Management Fee, internal and external accounting and audit fees, legal fees, insurance premiums, the fees and expenses of its administration, all limited partner communication expenses, the cost of maintaining the limited partnership's existence, regulatory fees and expenses, bank service fees, leasing agent and/or brokerage fees (including in connection with the leasing or sale of Condominium Units), maintenance fees and all other costs and expenses relating to the ownership and leasing of the REIT's Condominium Units.

The REIT indirectly bears the costs of the Partnership and the Initial Acquisition Partnership because of its indirect ownership interest.

## 7.5 Management Fee

Pursuant to the Asset Management Agreement, the Asset Manager will be paid a Management Fee, in an annual amount equal to 0.5% of the REIT's Gross Asset Value. See "Item 3.5 – Management Agreement".

# ITEM 8 – RISK FACTORS

In addition to the factors set forth elsewhere in this Offering Memorandum, potential subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Units. The following is a summary only of the risk factors involved in an investment in the Units. Prospective investors should review these risks and other factors relevant to the investor with their legal and financial advisers.

## 8.1 Risks Relating to the Business

### *No Liquidity*

Units offered by this Offering Memorandum are speculative securities. **THERE IS NO MARKET FOR THE UNITS** and it is not anticipated that any market for the Units will develop. It may be difficult or impossible to resell the Units. This Offering is not qualified by way of a prospectus and consequently the resale of Units is subject to restrictions under applicable securities legislation. See "Item 10 - Resale Restrictions". In addition, consent of the Trustees is required in connection with any proposed transfer. An investment in Units should only be considered by those investors who are able to make and bear the economic risk of a long-term, illiquid investment and the possible loss of their investment. The transfer of a Unit may result in adverse tax consequences for the transferor.

### *Dependence on Key Personnel*

In assessing the risks and rewards of an investment in Units, potential investors should appreciate that they are relying on the good faith and judgment of the Trustees, the Asset Manager and the General Partner and their ability to commence the Business and make appropriate decisions in respect of the management of the Business. It would be inappropriate for investors to purchase Units if they are unwilling to rely upon and entrust the Trustees, the Asset Manager and management of the General Partner with all aspects of the management of the Business or if they are unwilling to rely upon and entrust the Trustees, the Asset Manager and the General Partner with all aspects of the management of the investment in the Initial Acquisition Partnership and the Condominium Units. The success of the Business is dependent in part on the expertise of the Trustees, the Asset Manager and management of the General Partner. The loss of one or more of these individuals could have a material adverse effect on the Business. Neither the REIT nor the General Partner maintains key-man insurance, nor is it expected that such insurance will be acquired.

### *Risks of Investment in the Business and Real Estate Ownership*

There is no assurance that the Business will be operated successfully. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made regardless of whether or not a Condominium Unit is producing sufficient income to service such expenses. Since a significant aspect of the potential return to the investors will be based on the revenue generated by the lease of Condominium

Units, there can be no assurance that such business activities will generate revenues sufficient to meet the operational or financing needs of the REIT or to return the funds invested.

The REIT will also be subject to the risks inherent in the ownership of real property, including fluctuations in interest rates, fluctuations in or volatility of real estate markets, undisclosed liabilities relating to the Condominium Units and competition from other properties. Any change in the real estate market generally and the condominium market in particular, including as a result of an increase in interest rates or a decrease in demand for the lease of condominium units in markets in which the REIT operates, would likely have an adverse effect on the REIT's financial condition.

Distributable cash will be adversely affected if a significant number of tenants of the Condominium Units were to become unable to meet their obligations under their leases or if a significant number of the Condominium Units are not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. The ability to rent unleased Condominium Units will be affected by many factors. The failure to rent a significant number of Condominium Units on a timely basis or at all would likely have an adverse effect on the REIT's financial condition. There can be no guarantee that distributions will be made by the Partnership or the REIT as contemplated by their respective distribution policies or at all.

#### *Financing Risks*

There is no assurance that the REIT will be able to obtain sufficient mortgage loans to finance the acquisition of the Initial Condominium Units, or, if available, that the REIT will be able to obtain mortgage loans on commercially acceptable terms. Further, there is no assurance or guarantee that any mortgage loans, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of condominium units which the REIT is able to purchase will decrease and the return from the ownership of Condominium Units (and ultimately the return on an investment in Units) will be reduced. Even if the REIT is successful in obtaining adequate mortgage loans, the REIT may not be able to generate sufficient funds through the lease of the Condominium Units to service the mortgage loans. If a default occurs under any of the mortgage loans, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the Condominium Units.

#### *Financial Illustration and Operating Highlights*

The financial illustration contained in, or incorporated by reference in, this Offering Memorandum is intended to be an illustration only and is not intended to constitute a "financial outlook" or "future oriented financial information" for purposes of applicable securities laws. The financial illustration and operating highlights were prepared using assumptions that reflect management and the Trustees' estimate as to the most probable set of economic conditions. There can be no assurance that the assumptions reflected in the financial illustration or operating highlights will prove to be accurate. Actual results for the estimate period may vary from the estimates and those variations may be material. There is no representation by the REIT, management or the Trustees that actual results achieved in the estimate period will be the same, in whole or in part, as those included in the financial illustration or operating highlights. See "Forward-Looking Statements".

#### *Timing of Acquisition of Initial Condominium Units*

It is anticipated that the Acquired Epic Units will not be acquired until August 2016 and the Acquired Musee Units will not be acquired until March 2017. Until the acquisition of these condominium units are completed, the REIT and, in turn, investors of the Units, will only earn a minimal return on the Initial Acquisition Loans (under which 0.5% interest will be payable). Moreover, following the acquisition of these Initial Condominium Units and, in the case of the Acquired Musee Units, subject to the Lease Guarantee, there is no guarantee that the Initial Condominium Units will be "leased up" right away or at all. Any delay in the acquisition of the Initial Condominium Units or the lease up of these units will have an adverse effect on the return an investor earns on its investment in the Units.

If the Trustees determine to terminate the Epic Purchase Agreement or the Musee Purchase Agreement and not acquire the Initial Epic Condominium Units or the Initial Musee Condominium Units, the REIT will not be required, and does not currently intend to, return such funds to investors. Instead, the Trustees would seek acquisition opportunities. Any delay in the acquisition of these condominium units or the lease up of these units will have an adverse effect on the return an investor earns on its investment in the Units.

#### *Terms of the Acquisition Loan*

Although the Acquisition Loans will be guaranteed by Anthony Heller in his personal capacity, the Acquisition Loans will not be secured. If the REIT terminates the Epic Purchase Agreement, the Musee Purchase Agreement or any

other underlying purchase agreement in respect of the Initial Condominium Units and Epic or Musee does not, or is unable to, repay the applicable Acquisition Loan, the REIT will look to enforce the personal guarantee. If there is a default on the repayment of the Acquisition Loan and Anthony Heller defaults on his obligations under the personal guarantee, there would be a material adverse effect on the REIT's financial condition.

Interest on the Acquisition Loans will be payable at a rate of 0.5% per annum. As such, the REIT and, in turn, investors will only earn a minimal return on the funds used to make the Acquisition Loans. Moreover, the Acquisition Loans, which will represent 35% of the purchase price of the applicable condominium units, will represent a greater portion of the purchase price than a typical deposit. The Acquisition Loans will be repayable on or before 18 months from the date of the applicable Acquisition Loan. If the underlying condominium units (i.e., the condominium units that may be acquired using the principal of the applicable Acquisition Loan) are not acquired on or before the end of such period and such time period is not extended, or if the REIT exercises its termination right in respect of the applicable purchase agreement, the Acquisition Loan will be repayable and the REIT will not be in a position to acquire the Initial Condominium Units pursuant to such agreement. The failure by the REIT to acquire the Initial Condominium Units would have a material adverse effect on the REIT's financial condition and its ability to execute its strategy.

#### *Fluctuations in Capitalization Rates*

As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates. Moreover, a rise in interest rates will impact the underlying value of the Condominium Units, which could have a material adverse effect on the REIT's financial condition.

#### *Reliance on Asset Manager and Third Parties*

The REIT and its Affiliates will retain the Asset Manager to perform various services, including, without limitation, property management functions in respect of the Condominium Units. Under the Asset Management Agreement, the Asset Manager is able to retain third party contractors to perform certain of these services, including property management services. To the extent the Partnership relies upon the Asset Manager and the Asset Manager, in turn, relies on certain other third parties, the employees of the Asset Manager and the third parties will devote as much of their time to the management of the Condominium Units as in their judgement is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Condominium Units and their other development, investment and/or management activities.

#### *Risk of Change in Investment Return*

The amount of income to be allocated, cash to be distributed to an investor holding Units and the timing of such distributions is dependent upon the amount receivable by the REIT in respect of revenues generated from the Condominium Units and the date upon which the lease of Condominium Units is commenced, if at all. An investor has no assurance, therefore, that any amount will be distributed to him or her or when any such distributions would be made. Investors who use their own funds to purchase Units may be affected differently than investors who borrow funds to purchase Units.

#### *Capital Investment*

The timing and amount of various capital expenditures by the Initial Acquisition Partnership will directly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, from time to time as necessary.

#### *Access to Capital*

The real estate industry is highly capital intensive. The REIT will require access to capital to, among other things, finance its acquisition of condominium units. There can be no assurances that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for the financing of Condominium Units, the funding of operating expenses or other purposes. Failure by the REIT to access required capital would result in a material adverse effect on the value of the Units.

### *Nature of Units*

The Units do not represent a direct investment in the Partnership and should not be viewed by investors as interests in the Partnership. As holders of Units, Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although it is anticipated that the REIT will qualify as a “mutual fund trust” as defined by the Tax Act, the REIT is not a “mutual fund” as defined by applicable securities legislation. Additionally, there can be no guarantee when the REIT will first qualify as a “mutual fund trust” as defined by the Tax Act, if at all.

### *Dilution*

The Declaration of Trust will authorize the REIT to issue an unlimited number of Units for the consideration and on those terms and conditions as are established by the Trustees without the approval of any Unitholders. The REIT may issue additional Units for various purposes, including as part of Additional Closings or additional offerings of Units, the proceeds of which will be used at the sole discretion of the Trustees including, among other things, to increase the number of Condominium Units. Until such time as the Units are listed on a stock exchange, no assurances can be given as to whether the offering price of Units as part of additional offerings represents the appropriate price for the Units. Specifically, the Trustees are not required to obtain appraisals of the Condominium Units in the context of additional offerings and, if they do obtain appraisals, there can be no assurances that such appraisals are accurate. Further issuances of Units, including at prices below the offering price under this Offering, may dilute the interests of existing Unitholders.

### *Structural Subordination of the Units*

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those subsidiaries (including the Partnership) before any assets are made available for distribution to the REIT. The Units will be effectively subordinated to the indebtedness and other liabilities of the REIT's subsidiaries.

### *Voting Rights*

Pursuant to the Declaration of Trust, meetings of Unitholders will only take place at such times and for such matters as the Trustees, in their sole discretion, may determine. As such, the Trustees will exercise significant control over certain fundamental transactions, including, without limitation, matters for which a shareholder of a CBCA company would typically be entitled a vote.

### *Potential for Conflict of Interest*

Certain of the Trustees, directors, officers or securityholders of the REIT and its Associates and/or Affiliates or subsidiaries are or will also be directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the REIT. Consequently, there exists the possibility for such trustees, directors and officers to be in a position of conflict. See “Item 2.1.4 - Conflicts of Interests” for additional information regarding these potential conflicts.

### *Tax Related Risks*

Certain tax positions adopted by the REIT and its subsidiaries may be challenged by the CRA. In such circumstances, this could result in an increase of the amount of taxable income realized by the REIT, the proportion of distributions to Unitholders that must be included in the Unitholders' income for tax purposes and/or withholding taxes for which the REIT may be jointly and severally liable.

The Declaration of Trust provides that an amount equal to the taxable income of the REIT will be distributed each year to Unitholders in order to eliminate the REIT's taxable income and provides that additional Units may be distributed to Unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, which may result in a cash tax liability even though the Unitholder has not received any cash to pay such liability.

Provided that the REIT meets the prescribed conditions required in order for the REIT to qualify as a mutual fund trust (including having at least 150 Unitholders) prior to March 30, 2017, the REIT will be entitled to elect to be deemed to be a mutual fund trust from the date it is established. It is the REIT's intention that such election will be made and that the REIT will thereafter continuously qualify as a mutual fund trust at all relevant times. If the REIT is unable to file the election or were to cease to qualify as a mutual fund trust at any time, the consequences could be materially adverse to Unitholders.

A trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. The restrictions on the issuance of Units by the REIT to non-residents may negatively affect the REIT's ability to raise financing for future acquisitions or operations.

The REIT intends to conduct its affairs in such a manner as to ensure the REIT and its subsidiaries are not subject to the SIFT rules. If the REIT or its subsidiaries became subject to the SIFT rules, the consequences could be materially adverse to the REIT and Unitholders.

The Partnership or an Acquisition Partnership may, in the future, acquire property on a tax-deferred basis. On a subsequent disposition of such property, any inherent income or gains attributable to the period prior to the REIT's acquisition of the property could be allocated to the REIT, and ultimately to its Unitholders.

The property received as a result of an *in specie* redemption of Units by the REIT may not be qualified investments for Plans and may be prohibited investments for RRSP, RRIFs and TFSAs, which could give rise to adverse consequences to the Plan or the annuitant thereunder.

#### *Redemption Right*

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. Cash payable upon the monthly redemption of Units will be limited to \$10,000 in the aggregate. Upon a redemption of Units or termination of the REIT, the Trustees may distribute property directly to the Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. Property so distributed generally will not be qualified investments for Plans and may be a prohibited investment for RRSPs, RRIFs and TFSAs. Adverse tax consequences generally may apply to a Unitholder, or Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Units. Additionally, such property, if securities, will not be listed on any stock exchange and no established market is expected to develop in such property and such property, if securities, will be subject to resale restrictions under applicable securities laws.

#### *Net Worth of General Partner*

The General Partner will have nominal net worth. Prospective investors should not rely on the General Partner to provide any additional capital or loans to the Partnership in the event of any contingency.

#### *Environmental Risks*

Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, the REIT or the Acquisition Partnerships could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in the properties developed or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs.

#### *Damage to Condominium Units*

Any significant damage to the Condominium Units, as a result of fire or other calamities, could have a material adverse effect. The ability to grow the Business is heavily dependent on efficient, proper and uninterrupted operations at the Condominium Units. Power failures or disruptions, the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment and the destruction of buildings, equipment and other facilities due to natural disasters such as tornados, hurricanes, fire, flooding or earthquakes could severely affect the ability of the Partnership to continue operations.

### *Geographic Concentration*

All of the Condominium Units are currently expected to be located in the GTA. The market value of the Condominium Units and the income generated therefrom could be negatively affected by changes in local and regional economic conditions.

## **ITEM 9 – REPORTING OBLIGATIONS**

The REIT is not a reporting issuer in any of the provinces or territories of Canada. Unitholders will receive, within 120 days of the end of each fiscal year, annual audited financial statements of the REIT, together with a narrative report describing the business and affairs of the REIT and, within the time periods prescribed under applicable law, all income tax reporting information necessary to enable each Unitholder to file an income tax return with respect to its participation in the REIT in such fiscal year. Unitholders will also receive a notice describing how the proceeds raised under the Offering have been used.

## **ITEM 10 – RESALE RESTRICTIONS**

### **10.1 General Statement**

These Units will be subject to resale restrictions, including a restriction on trading the Units. Until the restriction on trading expires, if ever, a Unitholder will not be able to trade the Units unless it complies with very limited exemptions from the prospectus requirements under applicable securities legislation. As the REIT has no intention of becoming a reporting issuer in any province or territory of Canada, these restrictions on trading in the Units will not expire. In addition, the Declaration of Trust provides that Units are transferable subject to the approval of the Trustees. Consequently, Unitholders may not be able to sell their Units in a timely manner, if at all, or pledge their Units as collateral for a loan.

### **10.2 Restricted Period**

Unless permitted under securities legislation, Unitholders cannot trade the Units before the date that is four months and a day after the date the REIT becomes a reporting issuer in any province or territory of Canada.

### **10.3 Manitoba Resale Restrictions**

For subscribers resident in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless

- (a) the REIT has filed a prospectus with the regulator in Manitoba with respect to the Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

### **10.4 Contractual Restrictions on Resale**

Pursuant to the Declaration of Trust, a Unitholder must obtain consent from the Trustees to transfer such Unitholder's Units, which consent may be unreasonably withheld at their sole and absolute discretion

## **ITEM 11 – PURCHASER'S RIGHTS OF ACTION FOR DAMAGES OR RESCISSION**

In certain circumstances, subscribers resident in certain provinces and territories of Canada are provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. A "misrepresentation" is generally defined in the applicable securities legislation as an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the subscriber within the time limits prescribed by the applicable securities legislation.

The following is a summary of rights of rescission or damages, or both, available to subscribers. The following summary is subject to the express provisions of the applicable securities laws, regulations and rules, and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and

statutory defences not described here on which the REIT and other applicable parties may rely. **Subscribers should refer to the applicable securities legislation for particulars of these provisions or consult their legal advisers.**

The rights of action described below are in addition to and without derogation from any other right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The enforceability of these rights may be limited. The rights of action discussed below will be granted to the subscribers to whom such rights are conferred upon acceptance by the REIT of the subscription price for the Units.

You can cancel your agreement to purchase these Units. To do so, you must send a notice to the REIT by midnight on the 2nd Business Day after you sign the agreement to purchase the Units.

### ***Ontario***

In accordance with Section 130.1 of the *Securities Act* (Ontario) (the “**Ontario Act**”), in the event that this Offering Memorandum or any amendment hereto contains a misrepresentation (as defined in the Ontario Act) the subscriber who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied upon the misrepresentation, a right of action against the REIT, and a selling security holder on whose behalf the distribution is made, for damages, or, while the subscriber is still the owner of the Units purchased by that subscriber, for rescission, in which case, if the subscriber elects to exercise the right of rescission, the subscriber will have no right of action for damages against the REIT, provided that:

- (a) no person or company will be liable if it proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the subscriber.

The foregoing rights provided in accordance with Section 130.1 of the Ontario Act do not apply to the following subscribers relying upon the accredited investor exemption in Ontario:

- (a) a Canadian financial institution, meaning either:
  - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),
- (c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c) if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

In accordance with Section 138 of the Ontario Act, no action shall be commenced to enforce these statutory rights more than:

- (a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or

- (b) in an action for damages, the earlier of:
  - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Manitoba***

In accordance with Section 141.1 of the *Securities Act* (Manitoba), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the subscriber has:

- (a) a right of action for damages against
  - (i) the REIT;
  - (ii) every director of the REIT at the date of this Offering Memorandum; and
  - (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of rescission against the REIT.

If the subscriber chooses to exercise a right of rescission against the REIT, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

If a misrepresentation is contained in this Offering Memorandum, no person or company is liable

- (a) if the person or company proves that the subscriber had knowledge of the misrepresentation;
- (b) other than with respect to the REIT, if the person or company proves
  - (i) that the Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and
  - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the REIT that it was sent without the person's or company's knowledge and consent;
- (c) other than with respect to the REIT, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the REIT of the withdrawal and the reason for it;
- (d) other than with respect to the REIT, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum
    - (a) did not fairly represent the expert's report, opinion or statement, or
    - (b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or



- (e) other than with respect to the REIT, with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

No action may be commenced to enforce a right

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- (b) in any other case, more than the earlier of
  - (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) two years after the day of the transaction that gave rise to the cause of action.

### ***Saskatchewan***

Section 138 of the *Securities Act, 1988* (Saskatchewan) (the "**Saskatchewan Act**") provides, subject to certain limitations, that if this Offering Memorandum or any amendment hereto sent or delivered to a subscriber contains a misrepresentation, a subscriber who purchases Units covered by this Offering Memorandum or an amendment hereto has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the REIT or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the REIT or the selling security holder, as the case may be, at the time this Offering Memorandum or any amendment hereto was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering of Units, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that signed this Offering Memorandum or any amendment hereto; and
- (e) every person who or company that sells Units on behalf of the REIT or selling security holder under this Offering Memorandum or any amendment hereto.

Alternatively, the subscriber may elect to exercise a right of rescission against the REIT (or a selling security holder on whose behalf the distribution is made), in which case the subscriber shall have no right of action for damages against the above persons or companies.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the subscriber elects to exercise its right of rescission against the REIT, it will have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of this Offering Memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an

expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

- (d) in no case will the amount recoverable exceed the price at which Units were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the subscriber purchased the Units with knowledge of the misrepresentation.

In addition, no person or company, other than the Partnership, will be liable if the person or company proves that:

- (a) this Offering Memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this Offering Memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Section 138.1 of the Saskatchewan Act also provides that, where any advertising or sales literature (as defined in the Saskatchewan Act) disseminated in connection with the Offering contains a misrepresentation, a subscriber who purchases Units referred to in that advertising or sales literature, has, without regard to whether the subscriber relied on the misrepresentation, a right of action against the REIT or a selling security holder on whose behalf the trade is made, every promoter or director of the REIT or selling security holder, as the case may be, at the time the advertising or sales literature was disseminated, and every person who, or company that, at the time the advertising or sales literature was disseminated, sells Units on behalf of the REIT in the Offering with respect to which the advertising or sales literature was disseminated.

Section 138.2 of the Saskatchewan Act provides that, where an individual makes a verbal statement to a prospective subscriber of Units that contains a misrepresentation relating to the Units purchased, and the verbal statement is made either before or contemporaneously with the purchase of the Units, the subscriber has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

No action to enforce the foregoing rights may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, more than the earlier of:
  - (i) one year after the subscriber first had knowledge of the facts giving rise to the cause of action; or
  - (ii) six years after the date of the transaction that gave rise to the cause of action.

### ***New Brunswick***

Section 150 of the *Securities Act* (New Brunswick) (the "**New Brunswick Act**") provides that if this Offering Memorandum contains a misrepresentation and is provided to the subscriber, a subscriber who purchases the Units shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages against the REIT and a selling security holder on whose behalf the distribution is made or a right of rescission, in which case the subscriber shall have no right of action for damages, provided:

- (a) no person is liable if the person proves that the subscriber purchased the Units with knowledge of the misrepresentation;

- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the Units were offered.

Section 152 of the New Brunswick Act provides that where a person makes a verbal statement to a subscriber of Units that contains a misrepresentation relating to the Units, and the verbal statement is made either before or contemporaneously with the purchase of the Units, the subscriber shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the subscriber has a right of action for damages against the person who made the verbal statement. No person is liable if the person proves the subscriber purchased the Units with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in the value of the Units as a result of the misrepresentation relied on. The amount recoverable will not exceed the price at which the Units were offered.

No action may be commenced to enforce the above rights: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (b) in the case of any action, other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

### ***Nova Scotia***

Section 138 of the *Securities Act* (Nova Scotia) (the “**Nova Scotia Act**”) provides that, subject to certain limitations, where this Offering Memorandum, or any amendment hereto sent or delivered to a subscriber, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation, a subscriber who purchased Units is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the REIT, every director of the REIT at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the REIT. If the subscriber exercises its right of rescission against the REIT, the subscriber will not have a right of action for damages against the REIT or any of the aforementioned persons or companies.

The foregoing rights are subject to, the following limitations, among others:

- (a) no person or company will be liable if the person or company proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and
- (c) the amount recoverable in any action may not exceed the price at which the Units were offered to the subscriber under this Offering Memorandum or amendment hereto.

No action may be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Units.

In addition no person or company other than the REIT is liable if the person or company proves that:

- (a) this Offering Memorandum or an amendment hereto was sent or delivered to the subscriber without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent; or
- (b) after delivery of this Offering Memorandum or an amendment hereto and before the purchase of the Units by the subscriber, on becoming aware of any misrepresentation in this Offering Memorandum or amendment hereto, the person or company withdrew the person’s or company’s consent to this Offering Memorandum or amendment hereto, and gave reasonable general notice of the withdrawal and the reason for it; or

- (c) with respect to any part of this Offering Memorandum or amendment hereto purporting: (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (1) there had been a misrepresentation, or (2) the relevant part of this Offering Memorandum or amendment hereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

No person or company other than the REIT is liable with respect to any part of this Offering Memorandum or amendment hereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment hereto, the misrepresentation is deemed to be contained in this Offering Memorandum or amendment hereto.

### ***Prince Edward Island***

Section 112 of the *Securities Act* (Prince Edward Island) provides, subject to certain limitations, that if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the REIT;
- (b) the selling security holder on whose behalf the distribution is made;
- (c) every director of the REIT at the date of this Offering Memorandum; and
- (d) every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the REIT or the selling security holder. If the subscriber exercises its right of rescission, the subscriber will not have a right of action for damages against any person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A person, other than the REIT and selling security holder, is not liable in an action for damages if the person proves that:

- (a) this Offering Memorandum was sent to the subscriber without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the REIT that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to this Offering Memorandum and had given reasonable notice to the REIT of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of this Offering Memorandum
    - (a) did not fairly represent the report, opinion or statement of the expert, or

- (b) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the REIT and selling security holder, is not liable in an action for damages with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

No person is liable if the person proves that the subscriber purchased the Units with knowledge of the misrepresentation.

The amount recoverable must not exceed the price at which the Units purchased by the plaintiff were offered. In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Units resulting from the misrepresentation.

No action may be commenced to enforce a right

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- in any other case, more than the earlier of,
- (b) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (c) three years after the date of the transaction that gave rise to the cause of action.

### ***Newfoundland and Labrador***

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if this Offering Memorandum contains a misrepresentation when a subscriber purchases Units offered by this Offering Memorandum, the subscriber has, without regard to whether the subscriber relied on the misrepresentation:

- (a) a right of action for damages against:
  - (i) the REIT;
  - (ii) every director of the REIT at the date of this Offering Memorandum; and
  - (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of action for rescission against the REIT.

If the subscriber chooses to exercise a right of rescission against the REIT, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is considered to be incorporated into, this Offering Memorandum, the misrepresentation is considered to be contained in this Offering Memorandum.

When a misrepresentation is contained in this Offering Memorandum, no person or company is liable

- (a) if the person or company proves that the subscriber had knowledge of the misrepresentation;
- (b) other than the REIT, if the person or company proves that:
  - (i) this Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and

- (ii) after becoming aware that it was sent, the person or company promptly gave reasonable notice to the REIT that it was sent without the person's or company's knowledge and consent;
- (c) other than the REIT, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the REIT of the withdrawal and the reason for it;
- (d) other than the REIT, if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of this Offering Memorandum
    - (a) did not fairly represent the expert's report, opinion or statement, or
    - (b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than the REIT, with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

No action may be commenced to enforce these contractual rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
  - (i) 180 days after the subscriber first has knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Alberta***

Pursuant to section 204 of the *Securities Act* (Alberta) (the "**Alberta Act**"), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by the offering memorandum has, without regard to whether the subscriber relied upon the misrepresentation, a statutory right of action:

- (a) for damages against:
  - (i) the REIT;
  - (ii) every director of the REIT at the date of this Offering Memorandum; and
  - (iii) every person who signed this Offering Memorandum; and

- (b) for rescission against the REIT.

Sections 204 and 211 of the Alberta Act provide that, among other things:

- (a) no action shall be commenced to enforce any of the foregoing rights more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of an action for damages, the earlier of: (i) 180 days after the date that the subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action;
- (b) if the subscriber elects to exercise the right of rescission against the REIT, the subscriber will have no right of action for damages against the REIT, directors of the REIT or persons who have signed this Offering Memorandum;
- (c) in an action for rescission or damages, the defendant will not be liable if it proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were offered; and
- (e) in an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

***British Columbia and Québec***

Notwithstanding that the *Securities Act* (British Columbia) and the *Securities Act* (Québec) do not provide, or require the REIT to provide, to subscribers resident in the province of British Columbia or Québec, respectively, any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, the REIT hereby grants to such subscribers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to subscribers resident in Ontario.

**ITEM 12 – FINANCIAL STATEMENTS**

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**

**FINANCIAL STATEMENTS**

**MARCH 9, 2016**

(expressed in Canadian dollars)



## INDEPENDENT AUDITORS' REPORT

To the Trustees of

Central Condominium Real Estate Investment Trust

We have audited the financial statements of Central Condominium Real Estate Investment Trust (the "REIT"), which comprise the statement of financial position as at March 9, 2016, the statements of income and comprehensive income, changes in unitholder's equity and cash flows for the period from formation January 20, 2016 to March 9, 2016, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated statement of financial condition, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion these financial statements present fairly, in all material respects, the financial position of the REIT as at March 9, 2016, and its results of operations and its cash flows for the period from formation January 20, 2016 to March 9, 2016 in accordance with International Financial Reporting Standards.

*Zeifmans LLP*

Toronto, Ontario

Chartered Accountants

June 29, 2016

Licensed Public Accountants

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**  
(a trust formed under the Laws of Ontario)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 9, 2016**  
(expressed in Canadian dollars)

**ASSETS**

**CURRENT**

|      |       |
|------|-------|
| Cash | \$ 10 |
|------|-------|

**OTHER**

|                           |                |
|---------------------------|----------------|
| Deferred unit issue costs | <u>226,948</u> |
|---------------------------|----------------|

|                     |                          |
|---------------------|--------------------------|
| <b>TOTAL ASSETS</b> | <b><u>\$ 226,958</u></b> |
|---------------------|--------------------------|

**LIABILITIES**

**CURRENT**

|  |                   |
|--|-------------------|
| Accounts payable and accrued liabilities | <u>\$ 226,948</u> |
|--|-------------------|

|                          |                |
|--------------------------|----------------|
| <b>TOTAL LIABILITIES</b> | <b>226,948</b> |
|--------------------------|----------------|

**UNITHOLDER'S EQUITY**

|                            |           |
|----------------------------|-----------|
| <b>UNITHOLDER'S EQUITY</b> | <u>10</u> |
|----------------------------|-----------|

|  |                          |
|--|--------------------------|
|  | <u><u>\$ 226,958</u></u> |
|--|--------------------------|

Approved and authorized for issue by the Trustees on June 29, 2016

\_\_\_\_\_ TRUSTEE

\_\_\_\_\_ TRUSTEE

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**  
**STATEMENT OF CHANGES IN UNITHOLDER'S EQUITY**  
**FOR THE PERIOD FROM COMMENCEMENT JANUARY 20, 2016 TO MARCH 9, 2016**  
(expressed in Canadian dollars)

|                                   |              |
|-----------------------------------|--------------|
| Balance, beginning of the period  | \$ -         |
| Net income for the period         | -            |
| Issuance of one unit on formation | <u>10</u>    |
| Balance, end of the period        | <u>\$ 10</u> |

See accompanying notes to financial statements.

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**  
**STATEMENT OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM COMMENCEMENT JANUARY 20, 2016 TO MARCH 9, 2016**  
(expressed in Canadian dollars)

|            |             |
|------------|-------------|
| REVENUE    | \$ -        |
| EXPENSES   | <u>-</u>    |
| NET INCOME | <u>\$ -</u> |

See accompanying notes to financial statements.

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM COMMENCEMENT JANUARY 20, 2016 TO MARCH 9, 2016**  
(expressed in Canadian dollars)

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                |              |
|--------------------------------|--------------|
| Proceeds from issuance of unit | \$ <u>10</u> |
| Net increase in cash           | 10           |
| Cash, beginning of the period  | <u>-</u>     |
| Cash, end of the period        | <u>\$ 10</u> |

See accompanying notes to financial statements.

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 9, 2016**

**1. NATURE OF OPERATIONS**

Central Condominium Real Estate Investment Trust (the “REIT”) is an open-ended limited purpose trust created pursuant to a Declaration of Trust dated January 20, 2016, when one unit was issued for \$10 cash. The REIT was established under the laws of the Province of Ontario and is domiciled in Canada. The REIT has been created to indirectly acquire and hold condominium units from time to time, including up to 45 condominium units in the condominium project known as Epic on Triangle Park Inc. and up to 80 condominium units in the condominium project known as Musee Residence Corp.

The address of the REIT’s registered office is 20 Holly Street, Unit 103, Toronto, Ontario, M4S 3B1. These financial statements were authorized for issue by the trustees on June 29, 2016. Going forward, the REIT’s financial reporting fiscal year end is to be December 31.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of compliance -**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

**(b) Basis of presentation –**

These financial statements are prepared on the historical cost basis, except for financial instruments. The REIT’s financial instruments consists of cash which is classified as fair value through profit and loss and measured at fair value and accounts payable and accrued liabilities which are classified as other financial liabilities and measured at amortized cost.

**(c) Unitholder’s equity –**

The REIT classifies its issued equity units (the “Units”) as equity in the statement of financial position. The Units are voting, non-transferable, and represent an equal undivided beneficial interest in any distributions from the REIT. The REIT has classified the Units as equity pursuant to the provisions of International Accounting Standard 32, *Financial Instruments: Presentation* (“IAS 32”), on the basis that the Units meet all of the criteria in IAS 32 for such classification, also referred to as the “puttable exemption”.

The criteria in IAS 32 are as follows:

- The Units entitle the unitholders to a pro rata share of the REIT’s net assets in the event of the REIT’s liquidation. The REIT’s net assets are those assets that remain after deducting all other claims on its assets;
- The Units are in the class of instruments that are subordinate to all other classes of instruments because they have no priority over other claims to the assets of the REIT on liquidation and they do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- All instruments (including these Units) in the class of instruments that is subordinate to all other classes of instruments have identical features;

- Apart from the contractual obligation for the REIT to redeem the Units for cash or another financial asset, the Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to the exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the REIT and it is not a contract that will or may be settled in the entity's own equity instruments; and
- The total expected cash flows attributable to the Units over their life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the REIT over the life of the Units.

In addition to the Units meeting all of the above criteria, the REIT has determined it has no other financial instrument or contract that has total cash flows based substantially on the profit or loss, the change in the recognized assets, or the change in the fair value of the recognized and unrecognized net assets of the REIT and that has the effect of substantially restricting or fixing the residual return to the Unitholders.

Units are initially recognized at the fair value of the consideration received by the REIT. Any transaction costs arising on the issuance of the Units are recognized directly in unitholder's equity as a reduction of the proceeds received.

**(d) Pending accounting changes –**

IFRS 9, Financial Instruments ("IFRS 9") was issued in 2010 and is to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. In addition, under IFRS 9 the same impairment model is applied to all financial instruments that are subject to impairment accounting. The current impairment model is replaced with an expected credit loss model which means that a loss event will no longer need to occur before an impairment allowance is recognized. IFRS 9 is tentatively effective for annual periods beginning on or after January 1, 2018. The REIT is currently evaluating the impact of IFRS 9 on its financial statements.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued in 2014. IFRS 15 provides a single, principles-based, five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is to be effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The REIT is currently evaluating the impact of IFRS 15 on its financial statements.

On January 13, 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are capitalized by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The REIT is currently evaluating the impact of IFRS 16 on its financial statements.

**3. UNITHOLDERS' EQUITY**

The REIT is authorized to issue an unlimited number of Units. The Units are redeemable by the Unitholders, generally at any time, subject to certain restrictions, at a redemption price equal to the fair value of such Unit at such time, as determined by the Trustees. The total amount payable in respect to the redemption of Units by the REIT in any calendar month shall not exceed \$10,000 unless waived by Trustees in their sole discretion.

**4. CAPITAL MANAGEMENT**

The REIT considers its capital to consist of unitholders' equity. The REIT manages the capital in accordance with its investment objectives, policies and restrictions, as outlined in its offering memorandum. The REIT does not have any externally imposed capital requirements.

**5. SUBSEQUENT EVENTS**

Subsequent to March 9, 2016 and up to June 29, 2016, the REIT issued 38,325 Units for \$3,832,500. In connection with the issuance of these Units the REIT incurred \$540,956 in Unit issue costs, including \$314,008 in agent's commissions; the principal of the agent is a trustee of the REIT. Of the total Unit issue costs legal fees of \$226,948 had been incurred by March 9, 2016 with an arms-length firm and are accrued in these financial statements.

Subsequent to March 9, 2016 and up to June 29, 2016, the REIT has indirectly (i) advanced \$1,276,720 under an acquisition loan and entered into a purchase agreement to acquire 15 Epic condominium units for \$4,112,500 and (ii) advanced \$2,014,824 under an acquisition loan and entered into a purchase agreement to acquire 15 Musee condominium units for \$5,636,640. Interest is payable under the acquisition loans at the rate of 0.5% per annum.



**ITEM 13 – DATE AND CERTIFICATE**

Dated: June 7, 2016

**This Offering Memorandum does not contain a misrepresentation.**

**CENTRAL CONDOMINIUM REAL ESTATE INVESTMENT TRUST**

**by its Board of Trustees**

(Signed) “*Devon Cranson*”  
Devon Cranson  
Trustee

(Signed) “*Anthony Heller*”  
Anthony Heller  
Trustee

(Signed) “*Shlomo Marder*”  
Shlomo Marder  
Trustee

Towncorp Asset Management Inc., as Manager

(Signed) “*Robert Jacobs*”  
By: Robert Jacobs  
Director

**PROMOTER**

Towncorp Asset Management Inc., as Promoter

(Signed) “*Robert Jacobs*”  
By: Robert Jacobs  
Director